

Exhibit 1-3-a



CJ-18-2344
Prince

IN THE DISTRICT COURT OF OKLAHOMA COUNTY
STATE OF OKLAHOMA

NGO LOVE, LLC d/b/a
DEVILLE SHOPPING CENTER

Plaintiff,

v.

STEADFAST INSURANCE
COMPANY, and ZURICH NORTH
AMERICA,

Defendants.

CJ-2018-2344

Case No. FILED IN DISTRICT COURT
OKLAHOMA COUNTY

APR 30 2018

RICK WARREN
COURT CLERK

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PETITION

COMES NOW the Plaintiff, NGO LOVE LLC, d/b/a DEVILLE SHOPPING CENTER (hereinafter "Plaintiff"), and for its causes of action against Defendants, STEADFAST INSURANCE COMPANY ("STEADFAST") and ZURICH NORTH AMERICA ("ZURICH"), (hereinafter referred to collectively as "Defendants"), does hereby allege and state as follows:

STATEMENT OF FACTS

1. Plaintiff is a Domestic Limited Liability Company situated in Oklahoma City, Oklahoma County, Oklahoma. Plaintiff has an insurable interest in all property located at 2408 N. Council Rd., Bethany, Oklahoma 73008. (hereinafter referred to as the "Covered Property").
2. Plaintiff is a Member Managed Limited Liability Company with two (2) members, Thong Ngo and Maily Lam, each residing at 3300 S. Frisco Rd.,

in Yukon, Oklahoma, 73099.

3. Upon information, Defendant STEADFAST is an insurance company incorporated under the laws of the State of Delaware, and is registered to engage in the business of insurance in the State of Oklahoma.
4. Upon information, Defendant ZURICH is an insurance company incorporated under the laws of the State of Illinois, and is registered to engage in the business of insurance in the State of Oklahoma.
5. Plaintiff entered into a contract for insurance with Defendants to provide coverage for its Covered Property. Plaintiff's insured Covered Property is located in Oklahoma County, Oklahoma.
6. Defendants issued/renewed the commercial policy of insurance, Policy No. CPP5514199-00 (hereinafter the "Policy"), to the Plaintiff which was in effect from September 22, 2015 through September 22, 2016 (hereinafter the "Policy Period"). A complete copy of the Policy provided by Defendants is attached as Exhibit 1.
7. The Policy unambiguously states:

"BUILDING AND PERSONAL PROPERTY COVERAGE FORM

A. Coverage

We will pay for direct physical loss of or damage to Covered Property at the premises described in the Declarations caused by or resulting from any Covered Cause of Loss."

“CAUSES OF LOSS – SPECIAL FORM

A. Covered Causes of Loss

When Special is shown in the Declarations, Covered Causes of Loss means direct physical loss unless the loss is excluded or limited in this policy.”

8. Defendants represented to the Plaintiff they would conduct themselves in accordance with Oklahoma law and would fully and faithfully investigate and pay claims. Plaintiff relied on said representations.
9. During the Policy Period, the Covered Property was severely damaged as a direct result of a Covered Cause of Loss.
10. Plaintiff timely and properly submitted a claim to Defendants for the direct physical loss of or damage to Covered Property incurred due to the Covered Cause of Loss during the Policy Period.
11. Defendants confirmed that the Covered Cause of Loss to Plaintiff's Covered Property was due to a windstorm or hail and that the loss was covered under the terms and conditions of the Policy with Defendants.
12. Thereafter, Defendants assigned a date of loss of May 27, 2016 and assigned a claim number of 5630000771.

FIRST CAUSE OF ACTION
BREACH OF CONTRACT

13. Plaintiff adopts and incorporates by reference paragraphs 1 through 12 above as if fully plead herein, and for further claims against the Defendants alleges as follows:

14. Plaintiff entered into a contract for insurance with Defendants to provide coverage for the Covered Property, business loss, and personal property.
15. At all times material hereto, the Policy, No. CPP5514199-00, was in full force and effect.
16. Plaintiff provided timely and proper notice of its claim for all covered damages resulting from the Covered Cause of Loss during the Policy Period.
17. Plaintiff has complied with the terms and conditions and all conditions precedent under the Policy.
18. As to the Covered Cause of Loss that underlies Plaintiff's claim, Defendants' authorized representatives inspected and re-inspected the Covered Property during the investigation of the Plaintiff's claim.
19. Defendants also retained the engineering firm of Madsen, Kneppers & Associates, Inc. ("MKA"), to inspect the Covered Property.
20. Based on an improper investigation and inspection of the loss by Defendants and/or MKA, the Defendants wrongfully concluded that the total damages to Plaintiff's Covered Property fell below the Windstorm or Hail deductible amount of \$100,000.00. *See Exhibit 2.*
21. As a result, Defendants have paid \$0.00 in insurance benefits to date for those losses covered by the Policy.
22. Conversely, Plaintiff received an estimate from its Public Insurance Adjuster which was provided to Defendants that confirmed the cost to

repair those losses to Covered Property covered by the Policy totaling \$7,287,184.96, an amount in excess of the \$5,240,000.00 Limit of Insurance contained in the Policy. *See Exhibit 1, Supplemental Declarations.*

23. According to an independent estimate provided to Plaintiff's public adjuster by an Oklahoma contractor, the damage to the HVAC equipment alone is \$315,505.00 alone. *See Exhibit 3.*
24. Plaintiff also retained Carl E. Martin, P.E., of Engineering Perspective, Inc., to inspect the loss. Mr. Martin, who has been retained by Defendant on multiple occasions, collected samples of the roof membrane for examination and testing. Summarily, Mr. Martin concluded the hail that occurred on May 27, 2016 has caused damage to the constituents of the roof membrane systems at the Deville Shopping Center located at 2408 Council Road in Bethany, Oklahoma. *See Exhibit 4.*
25. By failing to fully indemnify Plaintiff for losses covered by the contract of insurance, Defendants have breached their contractual obligations under the terms and conditions of the Policy with Plaintiff by failing to pay Plaintiff all benefits owed.
26. Defendants' conduct is the proximate cause of Plaintiff's damages.
27. As a result of the Defendants' breach of contract, Plaintiff has sustained financial losses.

28. Pursuant to 12 O.S. § 3629(B), Plaintiff is entitled to attorneys' fees, costs and statutory interest at the rate of 15% per annum.
29. As a result of Defendants' breach of contract and other wrongful conduct, Plaintiff has been damaged in an amount in excess of \$75,000.00, exclusive of attorneys' fees, costs and interest.

SECOND CAUSE OF ACTION
BAD FAITH

30. Plaintiff adopts and incorporates by reference paragraphs 1 through 29 above as if fully plead herein, and for further claims against the Defendants alleges as follows:
31. Defendants owe a duty to Plaintiff to deal fairly and act in good faith.
32. Defendants breached the duty to deal fairly and act in good faith by failing to timely and properly investigate, evaluate and/or pay the Plaintiff's claim.
33. Defendants' obligations to Plaintiff arise from both express written terms under the Policy as well as implied obligations under Oklahoma law.
34. Defendants' conduct is a material breach of the terms and conditions of the insurance contract entered into with the Plaintiff and constitutes bad faith.
35. Despite Defendants and Defendants' representatives identifying water infiltration and hail damage to the Covered Property, including rooftop HVAC equipment, soft metals, and roof stacks/chimneys on the roofs of Plaintiff's buildings, Defendants failed to fully pay for the direct physical loss or damage caused by hail.

36. Defendants owe for all direct physical damages resulting from any Covered Cause of Loss not otherwise limited or excluded by the express terms of the Policy.
37. Defendants ignored direct physical loss of or damage to Covered Property under the Policy for financial gain.
38. As a direct and proximate result of Defendants' bad faith conduct, Plaintiff's claim was unnecessarily delayed, inadequately investigated, and wrongfully underpaid. Said actions resulted in additional profits and a financial windfall to Defendants, and to the damage and detriment of Plaintiff.
39. Defendants engage in a profit sharing program that provides financial incentives to its employees to underpay and/or deny claims.
40. As a result of Defendants' conduct, the Plaintiff has sustained financial losses and has been damaged in an amount in excess of \$75,000.00, exclusive of attorneys' fees, costs and interest.
41. The conduct of Defendants was intentional, willful, malicious, and in reckless disregard to the rights of Plaintiff, and said conduct is sufficiently egregious in nature to warrant the imposition of punitive damages.
42. The amount of punitive damages sought to be recovered is in excess of the amount required for diversity jurisdiction pursuant to Section 1332 of Title 28 of the United States Code.

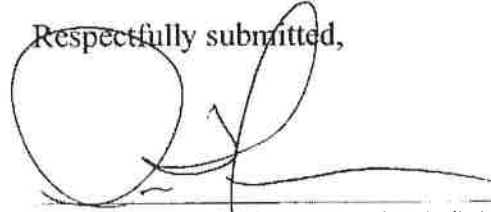
43. Plaintiff further alleges Defendants benefited from increased financial benefits and ill-gotten gains as a direct result of the intentional and wrongful conduct described above, which resulted in further damage to the Plaintiff.

PRAYER FOR RELIEF

WHEREFORE, premises considered, the Plaintiff prays for judgment against Defendants as follows:

- a. Payment of all contractual benefits for all coverages afforded to Plaintiff under the subject Policy resulting from the Covered Cause of Loss during the Policy Period, together with interest on all amounts due;
- b. Actual and punitive damages each in an amount in excess of Seventy-Five Thousand Dollars (\$75,000.00);
- c. Disgorgement of the increased financial benefits derived by Defendants as a direct result of Defendants' wrongful or intentional, willful, malicious and/or reckless conduct; and
- d. Pre-judgment and post-judgment interest, costs, statutory attorneys' fees, and any other relief deemed equitable and just.

Respectfully submitted,

A handwritten signature in black ink, appearing to be 'J. Drew Houghton', written over a horizontal line.

J. DREW HOUGHTON, OBA # 18080

FOSHEE & YAFFE

P.O. Box 890550

Oklahoma City, OK 73189

Phone: (405) 232-8080

Fax: (405) 601-1103

dhoughton@fosheeyaffe.com

ATTORNEY FOR PLAINTIFF

**ATTORNEYS' LIEN CLAIMED
JURY TRIAL DEMANDED**



Commercial Insurance Policy

EXHIBIT

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SANCTIONS EXCLUSION ENDORSEMENT

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY

The following exclusion is added to the policy to which it is attached and supersedes any existing sanctions language in the policy, whether included in an Exclusion Section or otherwise:

SANCTIONS EXCLUSION

Notwithstanding any other terms under this policy, we shall not provide coverage nor will we make any payments or provide any service or benefit to any insured, beneficiary, or third party who may have any rights under this policy to the extent that such cover, payment, service, benefit, or any business or activity of the insured would violate any applicable trade or economic sanctions law or regulation.

The term policy may be comprised of common policy terms and conditions, the declarations, notices, schedule, coverage parts, insuring agreement, application, enrollment form, and endorsements or riders, if any, for each coverage provided. Policy may also be referred to as contract or agreement.

We may be referred to as insurer, underwriter, we, us, and our, or as otherwise defined in the policy, and shall mean the company providing the coverage.

Insured may be referred to as policyholder, named insured, covered person, additional insured or claimant, or as otherwise defined in the policy, and shall mean the party, person or entity having defined rights under the policy.

These definitions may be found in various parts of the policy and any applicable riders or endorsements.

ALL OTHER TERMS AND CONDITIONS OF THIS POLICY REMAIN UNCHANGED



Important Notice to Policyholders

The address for the headquarters of Zurich North America will change after August 1, 2016 due to a relocation of our office in the same city. The new address is:

Customer Inquiry Center
Zurich North America
1299 Zurich Way
Schaumburg, IL 60196
1-800-382-2150

For specific questions regarding your policy, please contact your agent or broker. For other questions, you may contact the Customer Inquiry Center of Zurich North America. Any references to post office boxes previously provided remain unchanged.

**ZURICH****Common Policy Declarations****Policy Number:** CPP5514199-00**Renewal of Number:** NEW**This Insurance Is Provided By The Company Shown Below:**

Steadfast Insurance Company
 1400 American Lane
 Schaumburg IL 60196-1056

Named Insured and Mailing Address:

Thong Ngo
 NGO LOVE, LLC
 300 S. Frisco Rd.
 Yukon, OK 73009-7286

Producer:

Breckenridge Insurance Services, LLC
 245 TownPark Drive
 Ravine One, Suite 400
 Kennesaw, GA 30144

Policy Period: From: 09/22/2015 **To:** 09/22/2016**Producer Number:** 59546000

The Policy Period begins and ends on the dates stated above at 12:01 A.M. Standard Time at your mailing address as stated above.

Business Description: Lessors Risk**Form Of Business:**
☐ Corporation ☒ Limited Liability Company ☐ Individual ☐ Partnership ☐ Other _____

IN RETURN FOR THE PAYMENT OF THE PREMIUM, AND SUBJECT TO ALL THE TERMS OF THIS POLICY, WE AGREE WITH YOU TO PROVIDE THE INSURANCE AS STATED IN THIS POLICY.

This policy consists of the following coverage parts for which a premium is indicated. This premium may be subject to adjustment.

Coverage Part	Premium
Commercial Property	\$24,000

Inspection Fee	\$250
Policy Fee	\$150
Total Premium:	\$24,400

Premium shown is payable: ☒ At inception ☐ Per payment form attached

Audit Period: Annual, unless otherwise stated:

Forms and Endorsements Attached to this policy: See attached Forms and Endorsement Schedule**Date of Issue:** 10/21/2015**Countersigned By** _____

 Authorized Representative



ZURICH

Schedule of Forms and Endorsements

Policy Number: CPP5514199-00
Named Insured: Thong Ngo
NGO LOVE, LLC
Agent Name: Breckenridge Insurance Services, LLC
Agent Number: 59546000

Effective Date: 09/22/2015

12:01 A.M., Standard Time

Schedule of Forms

Cover Sheet	U-GU-727-A CW 0806
Sanctions Exclusion Endorsement	U-GU-1191-A CW 0315
Common Declarations	STF-CL-D-100-B CW 0806
Schedule of Forms and Endorsements	STF-CP-219-A CW 1007
Additional Named Insured Schedule	STF-CP-251-A CW 0709
Important Notice - Service of Suit & In-Witness	STF-GU-199-B 0109
Disclosure of Important Information Relating to Terrorism Risk Insurance Act	U-GU-830-D CW 0115
Exclusion of Certified Acts of Terrorism	U-GU-881-C CW 0115
Notification of Important Changes Relating to Terrorism Risk Insurance Act	U-GU-766-B CW 0115
Calculation of Premium	IL 0003 0908
Common Policy Conditions	IL 0017 1198
Commercial Property Supplemental Declarations	STF-CP-D-200-A CW 0707
Schedule of Mortgage Holder(s)	STF-CP-220-A CW 1007
Building and Personal Property Coverage Form	CP 0010 1012
Business Income (and Extra Expense) Coverage Form	CP 0030 1012
Causes of Loss - Special Form	CP 1030 1012
Commercial Property Conditions	CP 0090 0788
Exclusion of Loss Due to Virus or Bacteria	CP 0140 0706
Ordinance or Law Coverage	CP 0405 1012
Protective Safeguards	CP 0411 1012
Minimum Earned Premium	STF-CP-202-B CW 1007
Occurrence Limit of Liability	STF-CP-203-A CW 0707
Windstorm or Hail - Separate Dollar Deductible	STF-CP-205-A CW 0707
Policy Changes	IL 1201 1185
Oklahoma Changes - Appraisal	IL 0174 0705
Oklahoma Changes - Concealment, Misrepresentation or Fraud	IL 0177 1010
Oklahoma Notice	IL 0179 1002
Oklahoma Changes - Cancellation and Nonrenewal	IL 0236 0907



Additional Named Insured Schedule

- Deville Shopping Center (DBA)



Important Notice

Service of Suit and In Witness Clause

Service of Suit

In the event an action or proceeding arises under the contract, it is agreed that the Company, at your request, will submit to the jurisdiction of a court of competent jurisdiction within the United States. Nothing in this condition constitutes or should be understood to constitute a waiver or limitation of the right to arbitration as set forth herein or to commence an action in any court of competent jurisdiction in the United States to remove an action to a United States District Court or to seek a transfer of a case to another court as permitted by the laws of the United States or any state in the United States. It is further agreed that service of process in such suit may be made upon Illinois Corporation Service Company, 801 Adlai Stevenson Drive, Springfield, IL 62703. In any suit instituted against the Company upon this policy, the Company will abide by the final decision of such court or of any appellate court in the event of an appeal.

Further, pursuant to any statute of any state, territory, or district of the United States which makes provision therefore, the Company hereby designates the Superintendent, Commissioner or Director of Insurance, other officer specified for that purpose in the statute, or his successors in office as its true and lawful attorney upon whom may be served any lawful process in any action, suit, or proceeding instituted by or on behalf of the Insured of any beneficiary hereunder arising out of this policy of insurance and hereby designates the above named Illinois Corporation Service Company as the entity to whom the said officer is authorized to mail such process or a true copy thereof.

In Witness Clause

In return for the payment of premium, and subject to the terms of this policy, coverage is provided as stated in this policy.

IN WITNESS WHEREOF, this Company has executed and attested these presents and, where required by law, has caused this policy to be countersigned by its duly Authorized Representative(s).

Nancy D. Mueller

President

D. E. K...

Corporate Secretary

QUESTIONS ABOUT YOUR INSURANCE? Your agent or broker is best equipped to provide information about your insurance. Should you require additional information or assistance in resolving a complaint, call or write to the following (please have your policy or claim number ready):

Zurich in North America
Customer Inquiry Center
1400 American Lane
Schaumburg, Illinois 60196-1056
1-800-382-2150 (Business Hours: 8am - 4pm [CT])
Email: info.source@zurichna.com

Insured Name: Thong Ngo
NGO LOVE, LLC
Policy Number: CPP5514199-00
Effective Date: 09/22/2015



THIS DISCLOSURE IS ATTACHED TO AND MADE PART OF YOUR POLICY.

DISCLOSURE OF IMPORTANT INFORMATION

RELATING TO TERRORISM RISK INSURANCE ACT

SCHEDULE*

Premium attributable to risk of loss from certified acts of terrorism for lines of insurance subject to TRIA:
Not Applicable – Terrorism Exclusion

*Any information required to complete this Schedule, if not shown above, will be shown in the Declarations.

A. Disclosure of Premium

In accordance with the federal Terrorism Risk Insurance Act ("TRIA"), as amended, we are required to provide you with a notice disclosing the portion of your premium, if any, attributable to the risk of loss from terrorist acts certified under that Act for lines subject to TRIA. That portion of premium attributable is shown in the Schedule above. The premium shown in the Schedule above is subject to adjustment upon premium audit, if applicable.

B. Disclosure of Federal Participation in Payment of Terrorism Losses

The United States Government may pay a share of insured losses resulting from an act of terrorism. The federal share will decrease by 5% from 85% to 80% over a five year period while the insurer share increases by the same amount during the same period. The schedule below illustrates the decrease in the federal share:

January 1, 2015 – December 31, 2015 federal share: 85%

January 1, 2016 – December 31, 2016 federal share: 84%

January 1, 2017 – December 31, 2017 federal share: 83%

January 1, 2018 – December 31, 2018 federal share: 82%

January 1, 2019 – December 31, 2019 federal share: 81%

January 1, 2020 – December 31, 2020 federal share: 80%

C. Disclosure of \$100 Billion Cap on All Insurer and Federal Obligations

If aggregate insured losses attributable to terrorist acts certified under TRIA exceed \$100 billion in a calendar year (January 1 through December 31) and an insurer has met its deductible under the program, that insurer shall not be liable for the payment of any portion of the amount of such losses that exceeds \$100 billion, and in such case insured losses up to that amount are subject to pro rata allocation in accordance with procedures established by the Secretary of Treasury.

D. Availability

As required by TRIA, we have made available to you for lines subject to TRIA coverage for losses resulting from acts of terrorism certified under TRIA with terms, amounts and limitations that do not differ materially from those for losses arising from events other than acts of terrorism.

E. Definition of Act of Terrorism under TRIA

TRIA defines "act of terrorism" as any act that is certified by the Secretary of the Treasury, in accordance with the provisions of the federal Terrorism Risk Insurance Act ("TRIA"), to be an act of terrorism. The Terrorism Risk Insurance Act provides that the Secretary of Treasury shall certify an act of terrorism:

1. To be an act of terrorism;
2. To be a violent act or an act that is dangerous to human life, property or infrastructure;
3. To have resulted in damage within the United States, or outside of the United States in the case of an air carrier (as defined in section 40102 of Title 49, United States Code) or a United States flag vessel (or a vessel based principally in the United States, on which United States income tax is paid and whose insurance coverage is subject to regulation in the United States), or the premises of a United States mission; and
4. To have been committed by an individual or individuals as part of an effort to coerce the civilian population of the United States or to influence the policy or affect the conduct of the United States Government by coercion.

No act may be certified as an act of terrorism if the act is committed as part of the course of a war declared by Congress (except for workers' compensation) or if losses resulting from the act, in the aggregate for insurance subject to TRIA, do not exceed \$5,000,000.

**ZURICH****Exclusion of Certified Acts of Terrorism**

Insureds Name	Policy Number	Effective Date	Endorsement Number
Thong Ngo NGO LOVE, LLC	CPP5514199-00	09/22/2015	

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

This endorsement modifies your insurance:

BUILDING AND PERSONAL PROPERTY COVERAGE FORM
BUSINESS INCOME (AND EXTRA EXPENSE) COVERAGE FORM

SCHEDULE*

The exception relating to certain fire losses applies to property located in the following state(s), if covered by this insurance:

State(s)

*Information required to complete the Schedule, if not shown above, will be shown in the Declarations.

A. Exclusion of Certified Acts of Terrorism

We will not pay for loss or damage caused directly or indirectly by a "certified act of terrorism", including action in hindering or defending against an actual or expected "certified act of terrorism". Such loss or damage is excluded regardless of any other cause or event that contributes concurrently or in any sequence to the loss.

B. Exception Relating to Fire Losses Applicable to Property Located in Certain States

If the "certified act of terrorism" results in fire, we will pay for the direct physical loss or damage to Covered Property caused by that fire. This exception does not apply to any other loss or damage including but not limited to business income, extra expense, any additional coverage and any coverage extension.

C. Definition

"Certified act of terrorism" means an act that is certified by the Secretary of the Treasury, in accordance with the provisions of the federal Terrorism Risk Insurance Act ("TRIA"), to be an act of terrorism. The Terrorism Risk Insurance Act provides that the Secretary of Treasury shall certify an act of terrorism:

1. To be an act of terrorism;
2. To be a violent act or an act that is dangerous to human life, property or infrastructure;
3. To have resulted in damage within the United States, or outside of the United States in the case of an air carrier (as defined in section 40102 of Title 49, United States Code) or a United States flag vessel (or a vessel based principally in the United States, on which United States income tax is paid and whose insurance coverage is subject to regulation in the United States), or the premises of a United States mission; and
4. To have been committed by an individual or individuals as part of an effort to coerce the civilian population of the United States or to influence the policy or affect the conduct of the United States Government by coercion.

No act may be certified as an act of terrorism if the act is committed as part of the course of a war declared by Congress (except for workers' compensation) or if losses resulting from the act, in the aggregate for insurance subject to TRIA, do not exceed \$5,000,000.

D. Application of Other Exclusions

The terms and limitations of a terrorism exclusion or any other exclusion, or the inapplicability or omission of a terrorism exclusion or any other exclusion, do not serve to create coverage which would otherwise be excluded, limited or restricted under this policy.

E. Cap on Losses From Certified Acts of Terrorism

If aggregate insured losses attributable to one or more "certified acts of terrorism" exceed \$100 billion in a calendar year (January 1 through December 31) and we have met our insurer deductible under the Terrorism Risk Insurance Act, we shall not be liable for the payment of any portion of the amount of such losses that exceeds \$100 billion, and in such case insured losses up to that amount are subject to pro rata allocation in accordance with procedures established by the Secretary of Treasury.

All other terms and conditions of this policy remain unchanged.



NOTIFICATION OF IMPORTANT CHANGES RELATING TO TERRORISM RISK INSURANCE ACT

To Our Valued Customers:

The Terrorism Risk Insurance Program Reauthorization Act of 2007 ("TRIPRA 2007") had been scheduled to expire on December 31, 2014. Congress enacted a six year extension of TRIA entitled, Terrorism Risk Insurance Program Reauthorization Act of 2015 ("TRIPRA 2015"), which will expire on December 31, 2020. For purposes of simplicity we will simply reference the act as TRIA. There are several important changes to TRIA included within the extension of which you should be aware:

A. Change in Definition of "Act of Terrorism"

Prior to the enactment of the extension legislation, TRIA had required that an "act of terrorism" meant any act that is certified by the Secretary of the Treasury in concurrence with the Secretary of State. However, this has been changed in that certification by the Secretary of the Treasury shall be in consultation with the Secretary of Homeland Security and the United States Attorney General.

B. Reduction in the Federal Share of Terrorism Losses by Increasing the Insurer Co-Pay from 15% to 20% Over Five Years

The United States Government may pay a share of insured losses resulting from an act of terrorism. The federal share will decrease by 5% from 85% to 80% over a five year period while the insurer share increases by the same amount during the same period. The schedule below illustrates the decrease in the federal share:

January 1, 2015 – December 31, 2015 federal share: 85%

January 1, 2016 – December 31, 2016 federal share: 84%

January 1, 2017 – December 31, 2017 federal share: 83%

January 1, 2018 – December 31, 2018 federal share: 82%

January 1, 2019 – December 31, 2019 federal share: 81%

January 1, 2020 – December 31, 2020 federal share: 80%

C. The Current Program Trigger for Aggregate Industry Insured Losses Will Increase from \$100 Million to \$200 Million Over Five Years

The extension of TRIA increases the Program trigger from \$100 million to \$200 million over a five year period. This means that the Program trigger will increase by \$20 million with respect to any such insured losses occurring in calendar year 2016 and continue to increase by \$20 million until calendar year 2020. At the end of this five year period the Program trigger will be \$200 million.

D. Increases in the Recoupment of the Federal Share of Insured Losses

The extension of TRIA increases the amount used to calculate marketplace aggregate retention from \$27.5 billion to \$37.5 billion in \$2 billion increments beginning in the calendar year 2015 and reaching \$37.5 billion in calendar year 2019. Beginning in calendar year 2020 the TRIA extension revises the mandatory recoupment amount to be the amount equal to the annual average of the sum of insurer deductibles for all insurers participating in the Program for the prior three calendar years, with such amount to be determined annually by the Secretary of the Treasury. Under the TRIA extension, the recoupment of mandatory recoupment amounts has increased from 133% to 140%.

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THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

CALCULATION OF PREMIUM

This endorsement modifies insurance provided under the following:

CAPITAL ASSETS PROGRAM (OUTPUT POLICY) COVERAGE PART
COMMERCIAL AUTOMOBILE COVERAGE PART
COMMERCIAL GENERAL LIABILITY COVERAGE PART
COMMERCIAL INLAND MARINE COVERAGE PART
COMMERCIAL PROPERTY COVERAGE PART
CRIME AND FIDELITY COVERAGE PART
EMPLOYMENT-RELATED PRACTICES LIABILITY COVERAGE PART
EQUIPMENT BREAKDOWN COVERAGE PART
FARM COVERAGE PART
LIQUOR LIABILITY COVERAGE PART
MEDICAL PROFESSIONAL LIABILITY COVERAGE PART
OWNERS AND CONTRACTORS PROTECTIVE LIABILITY COVERAGE PART
POLLUTION LIABILITY COVERAGE PART
PRODUCTS/COMPLETED OPERATIONS LIABILITY COVERAGE PART
RAILROAD PROTECTIVE LIABILITY COVERAGE PART

The following is added:

The premium shown in the Declarations was computed based on rates in effect at the time the policy was issued. On each renewal, continuation, or anniversary of the effective date of this policy, we will compute the premium in accordance with our rates and rules then in effect.

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COMMON POLICY CONDITIONS

All Coverage Parts included in this policy are subject to the following conditions.

A. Cancellation

1. The first Named Insured shown in the Declarations may cancel this policy by mailing or delivering to us advance written notice of cancellation.
2. We may cancel this policy by mailing or delivering to the first Named Insured written notice of cancellation at least:
 - a. 10 days before the effective date of cancellation if we cancel for nonpayment of premium; or
 - b. 30 days before the effective date of cancellation if we cancel for any other reason.
3. We will mail or deliver our notice to the first Named Insured's last mailing address known to us.
4. Notice of cancellation will state the effective date of cancellation. The policy period will end on that date.
5. If this policy is cancelled, we will send the first Named Insured any premium refund due. If we cancel, the refund will be pro rata. If the first Named Insured cancels, the refund may be less than pro rata. The cancellation will be effective even if we have not made or offered a refund.
6. If notice is mailed, proof of mailing will be sufficient proof of notice.

B. Changes

This policy contains all the agreements between you and us concerning the insurance afforded. The first Named Insured shown in the Declarations is authorized to make changes in the terms of this policy with our consent. This policy's terms can be amended or waived only by endorsement issued by us and made a part of this policy.

C. Examination Of Your Books And Records

We may examine and audit your books and records as they relate to this policy at any time during the policy period and up to three years afterward.

D. Inspections And Surveys

1. We have the right to:
 - a. Make inspections and surveys at any time;

- b. Give you reports on the conditions we find; and

- c. Recommend changes.

2. We are not obligated to make any inspections, surveys, reports or recommendations and any such actions we do undertake relate only to insurability and the premiums to be charged. We do not make safety inspections. We do not undertake to perform the duty of any person or organization to provide for the health or safety of workers or the public. And we do not warrant that conditions:
 - a. Are safe or healthful; or
 - b. Comply with laws, regulations, codes or standards.

3. Paragraphs 1. and 2. of this condition apply not only to us, but also to any rating, advisory, rate service or similar organization which makes insurance inspections, surveys, reports or recommendations.

4. Paragraph 2. of this condition does not apply to any inspections, surveys, reports or recommendations we may make relative to certification, under state or municipal statutes, ordinances or regulations, of boilers, pressure vessels or elevators.

E. Premiums

The first Named Insured shown in the Declarations:

1. Is responsible for the payment of all premiums; and
2. Will be the payee for any return premiums we pay.

F. Transfer Of Your Rights And Duties Under This Policy

Your rights and duties under this policy may not be transferred without our written consent except in the case of death of an individual named insured.

If you die, your rights and duties will be transferred to your legal representative but only while acting within the scope of duties as your legal representative. Until your legal representative is appointed, anyone having proper temporary custody of your property will have your rights and duties but only with respect to that property.

Policy Number: CPP5514199-00
Renewal of Number: NEW



COMMERCIAL PROPERTY COVERAGE PART SUPPLEMENTAL DECLARATIONS

Named Insured
Thong Ngo
NGO LOVE, LLC

Effective Date: 09/22/2015
12:01 A.M., Standard Time

Agent Name
Breckenridge Insurance Services, LLC

Agent No.
59546000

Item 1. Described Premises: As Per Statement of Values on File with the Company

Item 2. Coverage Provided

Loc. No.	Bldg. No.	Coverage	Limit of Insurance	Covered Causes of Loss	Coins.
		As Per Statement of Values on File with	\$5,240,000	Special	80%
		the Company			BI/EE=ALS

Optional Coverages

<input type="checkbox"/> Agreed Value	Expires:	Coverage:	Amount:
Replacement Cost	<input checked="" type="checkbox"/> Building <input type="checkbox"/> Personal Property <input type="checkbox"/> Including "Stock"	<input type="checkbox"/> Inflation Guard:	%
Business Income	<input checked="" type="checkbox"/> Including Rental Value <input type="checkbox"/> Other Than Rental Value <input type="checkbox"/> Rental Value		
Monthly Limit of Indemnity:		<input type="checkbox"/> Max Period of Indemnity	Extended Period of Indemnity:

Loc. No.	Bldg. No.	Coverage	Limit of Insurance	Covered Causes of Loss	Coins.

Optional Coverages

<input type="checkbox"/> Agreed Value	Expires:	Coverage:	Amount:
Replacement Cost	<input type="checkbox"/> Building <input type="checkbox"/> Personal Property <input type="checkbox"/> Including "Stock"	<input type="checkbox"/> Inflation Guard:	%
Business Income	<input type="checkbox"/> Including Rental Value <input type="checkbox"/> Other Than Rental Value <input type="checkbox"/> Rental Value		
Monthly Limit of Indemnity:		<input type="checkbox"/> Max Period of Indemnity	Extended Period of Indemnity:

Loc. No.	Bldg. No.	Coverage	Limit of Insurance	Covered Causes of Loss	Coins.

Item 3. Deductible(s)

	\$500 deductible unless otherwise indicated	Earthquake deductible	Windstorm or Hail deductible
	\$10,000 per occurrence		\$100,000

Item 4. Premium **Premium for Endorsements** **\$24,000**

Total Premium **\$24,000**

Item 5. Forms and Endorsements

Form(s) and Endorsement(s) made a part of this policy at time of issue:
See Schedule of Forms and Endorsements

THESE DECLARATIONS ARE PART OF THE POLICY DECLARATIONS CONTAINING THE NAME OF THE INSURED AND THE POLICY PERIOD.

STF-CP-D-200-A CW (07/07)

Schedule of Mortgage Holder(s)

Policy Number: CPP5514199-00

Effective Date: 09/22/2015

Named Insured: Thong Ngo
NGO LOVE, LLC

12:01 A.M., Standard Time

Agent Name: Breckenridge Insurance Services, LLC

Agent Number: 59546000

[illegible]

COMMERCIAL PROPERTY
CP 00 10 10 12**BUILDING AND PERSONAL PROPERTY
COVERAGE FORM**

Various provisions in this policy restrict coverage. Read the entire policy carefully to determine rights, duties and what is and is not covered.

Throughout this policy, the words "you" and "your" refer to the Named Insured shown in the Declarations. The words "we", "us" and "our" refer to the company providing this insurance.

Other words and phrases that appear in quotation marks have special meaning. Refer to Section H. Definitions.

A. Coverage

We will pay for direct physical loss of or damage to Covered Property at the premises described in the Declarations caused by or resulting from any Covered Cause of Loss.

1. Covered Property

Covered Property, as used in this Coverage Part, means the type of property described in this section, A.1., and limited in A.2. Property Not Covered, if a Limit Of Insurance is shown in the Declarations for that type of property.

a. Building, meaning the building or structure described in the Declarations, including:

- (1) Completed additions;
- (2) Fixtures, including outdoor fixtures;
- (3) Permanently installed:
 - (a) Machinery; and
 - (b) Equipment;
- (4) Personal property owned by you that is used to maintain or service the building or structure or its premises, including:
 - (a) Fire-extinguishing equipment;
 - (b) Outdoor furniture;
 - (c) Floor coverings; and
 - (d) Appliances used for refrigerating, ventilating, cooking, dishwashing or laundering;
- (5) If not covered by other insurance:
 - (a) Additions under construction, alterations and repairs to the building or structure;
 - (b) Materials, equipment, supplies and temporary structures, on or within 100 feet of the described premises, used for making additions, alterations or repairs to the building or structure.

b. Your Business Personal Property

consists of the following property located in or on the building or structure described in the Declarations or in the open (or in a vehicle) within 100 feet of the building or structure or within 100 feet of the premises described in the Declarations, whichever distance is greater:

- (1) Furniture and fixtures;
- (2) Machinery and equipment;
- (3) "Stock";
- (4) All other personal property owned by you and used in your business;
- (5) Labor, materials or services furnished or arranged by you on personal property of others;
- (6) Your use interest as tenant in improvements and betterments. Improvements and betterments are fixtures, alterations, installations or additions:
 - (a) Made a part of the building or structure you occupy but do not own; and
 - (b) You acquired or made at your expense but cannot legally remove;
- (7) Leased personal property for which you have a contractual responsibility to insure, unless otherwise provided for under Personal Property Of Others.

c. Personal Property Of Others that is:

- (1) In your care, custody or control; and
- (2) Located in or on the building or structure described in the Declarations or in the open (or in a vehicle) within 100 feet of the building or structure or within 100 feet of the premises described in the Declarations, whichever distance is greater.

However, our payment for loss of or damage to personal property of others will only be for the account of the owner of the property.

2. Property Not Covered

Covered Property does not include:

- a. Accounts, bills, currency, food stamps or other evidences of debt, money, notes or securities. Lottery tickets held for sale are not securities;
- b. Animals, unless owned by others and boarded by you, or if owned by you, only as "stock" while inside of buildings;
- c. Automobiles held for sale;
- d. Bridges, roadways, walks, patios or other paved surfaces;
- e. Contraband, or property in the course of illegal transportation or trade;
- f. The cost of excavations, grading, backfilling or filling;
- g. Foundations of buildings, structures, machinery or boilers if their foundations are below:
 - (1) The lowest basement floor; or
 - (2) The surface of the ground, if there is no basement;
- h. Land (including land on which the property is located), water, growing crops or lawns (other than lawns which are part of a vegetated roof);
- i. Personal property while airborne or waterborne;
- j. Bulkheads, pilings, piers, wharves or docks;
- k. Property that is covered under another coverage form of this or any other policy in which it is more specifically described, except for the excess of the amount due (whether you can collect on it or not) from that other insurance;
- l. Retaining walls that are not part of a building;
- m. Underground pipes, flues or drains;

- n. Electronic data, except as provided under the Additional Coverage, Electronic Data. Electronic data means information, facts or computer programs stored as or on, created or used on, or transmitted to or from computer software (including systems and applications software), on hard or floppy disks, CD-ROMs, tapes, drives, cells, data processing devices or any other repositories of computer software which are used with electronically controlled equipment. The term computer programs, referred to in the foregoing description of electronic data, means a set of related electronic instructions which direct the operations and functions of a computer or device connected to it, which enable the computer or device to receive, process, store, retrieve or send data. This paragraph, n., does not apply to your "stock" of prepackaged software, or to electronic data which is integrated in and operates or controls the building's elevator, lighting, heating, ventilation, air conditioning or security system;
- o. The cost to replace or restore the information on valuable papers and records, including those which exist as electronic data. Valuable papers and records include but are not limited to proprietary information, books of account, deeds, manuscripts, abstracts, drawings and card index systems. Refer to the Coverage Extension for Valuable Papers And Records (Other Than Electronic Data) for limited coverage for valuable papers and records other than those which exist as electronic data;
- p. Vehicles or self-propelled machines (including aircraft or watercraft) that:
 - (1) Are licensed for use on public roads; or
 - (2) Are operated principally away from the described premises.

This paragraph does not apply to:

- (a) Vehicles or self-propelled machines or autos you manufacture, process or warehouse;

- (b) Vehicles or self-propelled machines, other than autos, you hold for sale;
 - (c) Rowboats or canoes out of water at the described premises; or
 - (d) Trailers, but only to the extent provided for in the Coverage Extension for Non-owned Detached Trailers; or
- q. The following property while outside of buildings:
- (1) Grain, hay, straw or other crops;
 - (2) Fences, radio or television antennas (including satellite dishes) and their lead-in wiring, masts or towers, trees, shrubs or plants (other than trees, shrubs or plants which are "stock" or are part of a vegetated roof), all except as provided in the Coverage Extensions.
- 3. Covered Causes Of Loss**
See applicable Causes Of Loss form as shown in the Declarations.
- 4. Additional Coverages**
- a. Debris Removal**
- (1) Subject to Paragraphs (2), (3) and (4), we will pay your expense to remove debris of Covered Property and other debris that is on the described premises, when such debris is caused by or results from a Covered Cause of Loss that occurs during the policy period. The expenses will be paid only if they are reported to us in writing within 180 days of the date of direct physical loss or damage.
 - (2) Debris Removal does not apply to costs to:
 - (a) Remove debris of property of yours that is not insured under this policy, or property in your possession that is not Covered Property;
 - (b) Remove debris of property owned by or leased to the landlord of the building where your described premises are located, unless you have a contractual responsibility to insure such property and it is insured under this policy;
 - (c) Remove any property that is Property Not Covered, including property addressed under the Outdoor Property Coverage Extension;
 - (d) Remove property of others of a type that would not be Covered Property under this Coverage Form;
 - (e) Remove deposits of mud or earth from the grounds of the described premises;
 - (f) Extract "pollutants" from land or water; or
 - (g) Remove, restore or replace polluted land or water.
 - (3) Subject to the exceptions in Paragraph (4), the following provisions apply:
 - (a) The most we will pay for the total of direct physical loss or damage plus debris removal expense is the Limit of Insurance applicable to the Covered Property that has sustained loss or damage.
 - (b) Subject to (a) above, the amount we will pay for debris removal expense is limited to 25% of the sum of the deductible plus the amount that we pay for direct physical loss or damage to the Covered Property that has sustained loss or damage. However, if no Covered Property has sustained direct physical loss or damage, the most we will pay for removal of debris of other property (if such removal is covered under this Additional Coverage) is \$5,000 at each location.
 - (4) We will pay up to an additional \$25,000 for debris removal expense, for each location, in any one occurrence of physical loss or damage to Covered Property, if one or both of the following circumstances apply:
 - (a) The total of the actual debris removal expense plus the amount we pay for direct physical loss or damage exceeds the Limit of Insurance on the Covered Property that has sustained loss or damage.
 - (b) The actual debris removal expense exceeds 25% of the sum of the deductible plus the amount that we pay for direct physical loss or damage to the Covered Property that has sustained loss or damage.

Therefore, if (4)(a) and/or (4)(b) applies, our total payment for direct physical loss or damage and debris removal expense may reach but will never exceed the Limit of Insurance on the Covered Property that has sustained loss or damage, plus \$25,000.

(5) Examples

The following examples assume that there is no Coinsurance penalty.

Example 1

Limit of Insurance:	\$ 90,000
Amount of Deductible:	\$ 500
Amount of Loss:	\$ 50,000
Amount of Loss Payable:	\$ 49,500
	(\$50,000 - \$500)
Debris Removal Expense:	\$ 10,000
Debris Removal Expense Payable:	\$ 10,000
	(\$10,000 is 20% of \$50,000.)

The debris removal expense is less than 25% of the sum of the loss payable plus the deductible. The sum of the loss payable and the debris removal expense (\$49,500 + \$10,000 = \$59,500) is less than the Limit of Insurance. Therefore, the full amount of debris removal expense is payable in accordance with the terms of Paragraph (3).

Example 2

Limit of Insurance:	\$ 90,000
Amount of Deductible:	\$ 500
Amount of Loss:	\$ 80,000
Amount of Loss Payable:	\$ 79,500
	(\$80,000 - \$500)
Debris Removal Expense:	\$ 40,000
Debris Removal Expense Payable	
Basic Amount:	\$ 10,500
Additional Amount:	\$ 25,000

The basic amount payable for debris removal expense under the terms of Paragraph (3) is calculated as follows: \$80,000 (\$79,500 + \$500) x .25 = \$20,000, capped at \$10,500. The cap applies because the sum of the loss payable (\$79,500) and the basic amount payable for debris removal expense (\$10,500) cannot exceed the Limit of Insurance (\$90,000).

The additional amount payable for debris removal expense is provided in accordance with the terms of Paragraph (4), because the debris removal expense (\$40,000) exceeds 25% of the loss payable plus the deductible (\$40,000 is 50% of \$80,000), and because the sum of the loss payable and debris removal expense (\$79,500 + \$40,000 = \$119,500) would exceed the Limit of Insurance (\$90,000). The additional amount of covered debris removal expense is \$25,000, the maximum payable under Paragraph (4). Thus, the total payable for debris removal expense in this example is \$35,500; \$4,500 of the debris removal expense is not covered.

b. Preservation Of Property

If it is necessary to move Covered Property from the described premises to preserve it from loss or damage by a Covered Cause of Loss, we will pay for any direct physical loss or damage to that property:

- (1) While it is being moved or while temporarily stored at another location; and
- (2) Only if the loss or damage occurs within 30 days after the property is first moved.

c. Fire Department Service Charge

When the fire department is called to save or protect Covered Property from a Covered Cause of Loss, we will pay up to \$1,000 for service at each premises described in the Declarations, unless a higher limit is shown in the Declarations. Such limit is the most we will pay regardless of the number of responding fire departments or fire units, and regardless of the number or type of services performed.

This Additional Coverage applies to your liability for fire department service charges:

- (1) Assumed by contract or agreement prior to loss; or
- (2) Required by local ordinance.

No Deductible applies to this Additional Coverage.

d. Pollutant Clean-up And Removal

We will pay your expense to extract "pollutants" from land or water at the described premises if the discharge, dispersal, seepage, migration, release or escape of the "pollutants" is caused by or results from a Covered Cause of Loss that occurs during the policy period. The expenses will be paid only if they are reported to us in writing within 180 days of the date on which the Covered Cause of Loss occurs.

This Additional Coverage does not apply to costs to test for, monitor or assess the existence, concentration or effects of "pollutants". But we will pay for testing which is performed in the course of extracting the "pollutants" from the land or water.

The most we will pay under this Additional Coverage for each described premises is \$10,000 for the sum of all covered expenses arising out of Covered Causes of Loss occurring during each separate 12-month period of this policy.

e. Increased Cost Of Construction

- (1) This Additional Coverage applies only to buildings to which the Replacement Cost Optional Coverage applies.
- (2) In the event of damage by a Covered Cause of Loss to a building that is Covered Property, we will pay the increased costs incurred to comply with the minimum standards of an ordinance or law in the course of repair, rebuilding or replacement of damaged parts of that property, subject to the limitations stated in e.(3) through e.(9) of this Additional Coverage.
- (3) The ordinance or law referred to in e.(2) of this Additional Coverage is an ordinance or law that regulates the construction or repair of buildings or establishes zoning or land use requirements at the described premises and is in force at the time of loss.
- (4) Under this Additional Coverage, we will not pay any costs due to an ordinance or law that:
 - (a) You were required to comply with before the loss, even when the building was undamaged; and
 - (b) You failed to comply with.

(5) Under this Additional Coverage, we will not pay for:

- (a) The enforcement of or compliance with any ordinance or law which requires demolition, repair, replacement, reconstruction, remodeling or remediation of property due to contamination by "pollutants" or due to the presence, growth, proliferation, spread or any activity of "fungus", wet or dry rot or bacteria; or
- (b) Any costs associated with the enforcement of or compliance with an ordinance or law which requires any Insured or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of "pollutants", "fungus", wet or dry rot or bacteria.

(6) The most we will pay under this Additional Coverage, for each described building insured under this Coverage Form, is \$10,000 or 5% of the Limit of Insurance applicable to that building, whichever is less. If a damaged building is covered under a blanket Limit of Insurance which applies to more than one building or item of property, then the most we will pay under this Additional Coverage, for that damaged building, is the lesser of \$10,000 or 5% times the value of the damaged building as of the time of loss times the applicable Coinsurance percentage.

The amount payable under this Additional Coverage is additional insurance.

(7) With respect to this Additional Coverage:

- (a) We will not pay for the Increased Cost of Construction:
 - (i) Until the property is actually repaired or replaced at the same or another premises; and
 - (ii) Unless the repair or replacement is made as soon as reasonably possible after the loss or damage, not to exceed two years. We may extend this period in writing during the two years.

- (b) If the building is repaired or replaced at the same premises, or if you elect to rebuild at another premises, the most we will pay for the Increased Cost of Construction, subject to the provisions of e.(6) of this Additional Coverage, is the increased cost of construction at the same premises.
 - (c) If the ordinance or law requires relocation to another premises, the most we will pay for the Increased Cost of Construction, subject to the provisions of e.(6) of this Additional Coverage, is the increased cost of construction at the new premises.
 - (8) This Additional Coverage is not subject to the terms of the Ordinance Or Law Exclusion to the extent that such Exclusion would conflict with the provisions of this Additional Coverage.
 - (9) The costs addressed in the Loss Payment and Valuation Conditions and the Replacement Cost Optional Coverage, in this Coverage Form, do not include the increased cost attributable to enforcement of or compliance with an ordinance or law. The amount payable under this Additional Coverage, as stated in e.(6) of this Additional Coverage, is not subject to such limitation.
- f. Electronic Data**
- (1) Under this Additional Coverage, electronic data has the meaning described under Property Not Covered, Electronic Data. This Additional Coverage does not apply to your "stock" of prepackaged software, or to electronic data which is integrated in and operates or controls the building's elevator, lighting, heating, ventilation, air conditioning or security system.
 - (2) Subject to the provisions of this Additional Coverage, we will pay for the cost to replace or restore electronic data which has been destroyed or corrupted by a Covered Cause of Loss. To the extent that electronic data is not replaced or restored, the loss will be valued at the cost of replacement of the media on which the electronic data was stored, with blank media of substantially identical type.
- (3) The Covered Causes of Loss applicable to Your Business Personal Property apply to this Additional Coverage, Electronic Data, subject to the following:
 - (a) If the Causes Of Loss – Special Form applies, coverage under this Additional Coverage, Electronic Data, is limited to the "specified causes of loss" as defined in that form and Collapse as set forth in that form.
 - (b) If the Causes Of Loss – Broad Form applies, coverage under this Additional Coverage, Electronic Data, includes Collapse as set forth in that form.
 - (c) If the Causes Of Loss form is endorsed to add a Covered Cause of Loss, the additional Covered Cause of Loss does not apply to the coverage provided under this Additional Coverage, Electronic Data.
 - (d) The Covered Causes of Loss include a virus, harmful code or similar instruction introduced into or enacted on a computer system (including electronic data) or a network to which it is connected, designed to damage or destroy any part of the system or disrupt its normal operation. But there is no coverage for loss or damage caused by or resulting from manipulation of a computer system (including electronic data) by any employee, including a temporary or leased employee, or by an entity retained by you or for you to inspect, design, install, modify, maintain, repair or replace that system.

- (4) The most we will pay under this Additional Coverage, Electronic Data, is \$2,500 (unless a higher limit is shown in the Declarations) for all loss or damage sustained in any one policy year, regardless of the number of occurrences of loss or damage or the number of premises, locations or computer systems involved. If loss payment on the first occurrence does not exhaust this amount, then the balance is available for subsequent loss or damage sustained in but not after that policy year. With respect to an occurrence which begins in one policy year and continues or results in additional loss or damage in a subsequent policy year(s), all loss or damage is deemed to be sustained in the policy year in which the occurrence began.

5. Coverage Extensions

Except as otherwise provided, the following Extensions apply to property located in or on the building described in the Declarations or in the open (or in a vehicle) within 100 feet of the described premises.

If a Coinsurance percentage of 80% or more, or a Value Reporting period symbol, is shown in the Declarations, you may extend the insurance provided by this Coverage Part as follows:

a. Newly Acquired Or Constructed Property

(1) Buildings

If this policy covers Building, you may extend that insurance to apply to:

- (a) Your new buildings while being built on the described premises; and
- (b) Buildings you acquire at locations, other than the described premises, intended for:
 - (i) Similar use as the building described in the Declarations; or
 - (ii) Use as a warehouse.

The most we will pay for loss or damage under this Extension is \$250,000 at each building.

(2) Your Business Personal Property

- (a) If this policy covers Your Business Personal Property, you may extend that insurance to apply to:

- (i) Business personal property, including such property that you newly acquire, at any location you acquire other than at fairs, trade shows or exhibitions; or
- (ii) Business personal property, including such property that you newly acquire, located at your newly constructed or acquired buildings at the location described in the Declarations.

The most we will pay for loss or damage under this Extension is \$100,000 at each building.

- (b) This Extension does not apply to:

- (i) Personal property of others that is temporarily in your possession in the course of installing or performing work on such property; or
- (ii) Personal property of others that is temporarily in your possession in the course of your manufacturing or wholesaling activities.

(3) Period Of Coverage

With respect to insurance provided under this Coverage Extension for Newly Acquired Or Constructed Property, coverage will end when any of the following first occurs:

- (a) This policy expires;
- (b) 30 days expire after you acquire the property or begin construction of that part of the building that would qualify as covered property; or
- (c) You report values to us.

We will charge you additional premium for values reported from the date you acquire the property or begin construction of that part of the building that would qualify as covered property.

b. Personal Effects And Property Of Others

You may extend the insurance that applies to Your Business Personal Property to apply to:

- (1) Personal effects owned by you, your officers, your partners or members, your managers or your employees. This Extension does not apply to loss or damage by theft.
- (2) Personal property of others in your care, custody or control.

The most we will pay for loss or damage under this Extension is \$2,500 at each described premises. Our payment for loss of or damage to personal property of others will only be for the account of the owner of the property.

c. Valuable Papers And Records (Other Than Electronic Data)

- (1) You may extend the insurance that applies to Your Business Personal Property to apply to the cost to replace or restore the lost information on valuable papers and records for which duplicates do not exist. But this Extension does not apply to valuable papers and records which exist as electronic data. Electronic data has the meaning described under Property Not Covered, Electronic Data.
- (2) If the Causes Of Loss – Special Form applies, coverage under this Extension is limited to the "specified causes of loss" as defined in that form and Collapse as set forth in that form.
- (3) If the Causes Of Loss – Broad Form applies, coverage under this Extension includes Collapse as set forth in that form.
- (4) Under this Extension, the most we will pay to replace or restore the lost information is \$2,500 at each described premises, unless a higher limit is shown in the Declarations. Such amount is additional insurance. We will also pay for the cost of blank material for reproducing the records (whether or not duplicates exist) and (when there is a duplicate) for the cost of labor to transcribe or copy the records. The costs of blank material and labor are subject to the applicable Limit of Insurance on Your Business Personal Property and, therefore, coverage of such costs is not additional insurance.

d. Property Off-premises

- (1) You may extend the insurance provided by this Coverage Form to apply to your Covered Property while it is away from the described premises, if it is:
 - (a) Temporarily at a location you do not own, lease or operate;
 - (b) In storage at a location you lease, provided the lease was executed after the beginning of the current policy term; or
 - (c) At any fair, trade show or exhibition.
- (2) This Extension does not apply to property:
 - (a) In or on a vehicle; or
 - (b) In the care, custody or control of your salespersons, unless the property is in such care, custody or control at a fair, trade show or exhibition.
- (3) The most we will pay for loss or damage under this Extension is \$10,000.

e. Outdoor Property

You may extend the insurance provided by this Coverage Form to apply to your outdoor fences, radio and television antennas (including satellite dishes), trees, shrubs and plants (other than trees, shrubs or plants which are "stock" or are part of a vegetated roof), including debris removal expense, caused by or resulting from any of the following causes of loss if they are Covered Causes of Loss:

- (1) Fire;
- (2) Lightning;
- (3) Explosion;
- (4) Riot or Civil Commotion; or
- (5) Aircraft.

The most we will pay for loss or damage under this Extension is \$1,000, but not more than \$250 for any one tree, shrub or plant. These limits apply to any one occurrence, regardless of the types or number of items lost or damaged in that occurrence.

Subject to all aforementioned terms and limitations of coverage, this Coverage Extension includes the expense of removing from the described premises the debris of trees, shrubs and plants which are the property of others, except in the situation in which you are a tenant and such property is owned by the landlord of the described premises.

f. Non-owned Detached Trailers

- (1) You may extend the insurance that applies to Your Business Personal Property to apply to loss or damage to trailers that you do not own, provided that:
 - (a) The trailer is used in your business;
 - (b) The trailer is in your care, custody or control at the premises described in the Declarations; and
 - (c) You have a contractual responsibility to pay for loss or damage to the trailer.
- (2) We will not pay for any loss or damage that occurs:
 - (a) While the trailer is attached to any motor vehicle or motorized conveyance, whether or not the motor vehicle or motorized conveyance is in motion;
 - (b) During hitching or unhitching operations, or when a trailer becomes accidentally unhitched from a motor vehicle or motorized conveyance.
- (3) The most we will pay for loss or damage under this Extension is \$5,000, unless a higher limit is shown in the Declarations.
- (4) This insurance is excess over the amount due (whether you can collect on it or not) from any other insurance covering such property.

g. Business Personal Property Temporarily In Portable Storage Units

- (1) You may extend the insurance that applies to Your Business Personal Property to apply to such property while temporarily stored in a portable storage unit (including a detached trailer) located within 100 feet of the building or structure described in the Declarations or within 100 feet of the premises described in the Declarations, whichever distance is greater.

- (2) If the applicable Covered Causes of Loss form or endorsement contains a limitation or exclusion concerning loss or damage from sand, dust, sleet, snow, ice or rain to property in a structure, such limitation or exclusion also applies to property in a portable storage unit.

(3) Coverage under this Extension:

- (a) Will end 90 days after the business personal property has been placed in the storage unit;
- (b) Does not apply if the storage unit itself has been in use at the described premises for more than 90 consecutive days, even if the business personal property has been stored there for 90 or fewer days as of the time of loss or damage.
- (4) Under this Extension, the most we will pay for the total of all loss or damage to business personal property is \$10,000 (unless a higher limit is indicated in the Declarations for such Extension) regardless of the number of storage units. Such limit is part of, not in addition to, the applicable Limit of Insurance on Your Business Personal Property. Therefore, payment under this Extension will not increase the applicable Limit of Insurance on Your Business Personal Property.
- (5) This Extension does not apply to loss or damage otherwise covered under this Coverage Form or any endorsement to this Coverage Form or policy, and does not apply to loss or damage to the storage unit itself.

Each of these Extensions is additional insurance unless otherwise indicated. The Additional Condition, Coinsurance, does not apply to these Extensions.

B. Exclusions And Limitations

See applicable Causes Of Loss form as shown in the Declarations.

C. Limits Of Insurance

The most we will pay for loss or damage in any one occurrence is the applicable Limit Of Insurance shown in the Declarations.

The most we will pay for loss or damage to outdoor signs, whether or not the sign is attached to a building, is \$2,500 per sign in any one occurrence.

The amounts of insurance stated in the following Additional Coverages apply in accordance with the terms of such coverages and are separate from the Limit(s) Of Insurance shown in the Declarations for any other coverage:

1. Fire Department Service Charge;
2. Pollutant Clean-up And Removal;
3. Increased Cost Of Construction; and
4. Electronic Data.

Payments under the Preservation Of Property Additional Coverage will not increase the applicable Limit of Insurance.

D. Deductible

In any one occurrence of loss or damage (hereinafter referred to as loss), we will first reduce the amount of loss if required by the Coinsurance Condition or the Agreed Value Optional Coverage. If the adjusted amount of loss is less than or equal to the Deductible, we will not pay for that loss. If the adjusted amount of loss exceeds the Deductible, we will then subtract the Deductible from the adjusted amount of loss and will pay the resulting amount or the Limit of Insurance, whichever is less.

When the occurrence involves loss to more than one item of Covered Property and separate Limits of Insurance apply, the losses will not be combined in determining application of the Deductible. But the Deductible will be applied only once per occurrence.

Example 1

(This example assumes there is no Coinsurance penalty.)

Deductible:	\$ 250
Limit of Insurance – Building 1:	\$ 60,000
Limit of Insurance – Building 2:	\$ 80,000
Loss to Building 1:	\$ 60,100
Loss to Building 2:	\$ 90,000

The amount of loss to Building 1 (\$60,100) is less than the sum (\$60,250) of the Limit of Insurance applicable to Building 1 plus the Deductible.

The Deductible will be subtracted from the amount of loss in calculating the loss payable for Building 1:

$$\begin{array}{r} \$ 60,100 \\ - \quad 250 \\ \hline \end{array}$$

\$ 59,850 Loss Payable – Building 1

The Deductible applies once per occurrence and therefore is not subtracted in determining the amount of loss payable for Building 2. Loss payable for Building 2 is the Limit of Insurance of \$80,000.

Total amount of loss payable:

$$\$59,850 + \$80,000 = \$139,850$$

Example 2

(This example, too, assumes there is no Coinsurance penalty.)

The Deductible and Limits of Insurance are the same as those in Example 1.

Loss to Building 1:	\$ 70,000
(Exceeds Limit of Insurance plus Deductible)	
Loss to Building 2:	\$ 90,000
(Exceeds Limit of Insurance plus Deductible)	
Loss Payable – Building 1:	\$ 60,000
(Limit of Insurance)	
Loss Payable – Building 2:	\$ 80,000
(Limit of Insurance)	
Total amount of loss payable:	\$ 140,000

E. Loss Conditions

The following conditions apply in addition to the Common Policy Conditions and the Commercial Property Conditions:

1. Abandonment

There can be no abandonment of any property to us.

2. Appraisal

If we and you disagree on the value of the property or the amount of loss, either may make written demand for an appraisal of the loss. In this event, each party will select a competent and impartial appraiser. The two appraisers will select an umpire. If they cannot agree, either may request that selection be made by a judge of a court having jurisdiction. The appraisers will state separately the value of the property and amount of loss. If they fail to agree, they will submit their differences to the umpire. A decision agreed to by any two will be binding. Each party will:

- a. Pay its chosen appraiser; and
- b. Bear the other expenses of the appraisal and umpire equally.

If there is an appraisal, we will still retain our right to deny the claim.

3. Duties In The Event Of Loss Or Damage

- a. You must see that the following are done in the event of loss or damage to Covered Property:

- (1) Notify the police if a law may have been broken.

- (2) Give us prompt notice of the loss or damage. Include a description of the property involved.
 - (3) As soon as possible, give us a description of how, when and where the loss or damage occurred.
 - (4) Take all reasonable steps to protect the Covered Property from further damage, and keep a record of your expenses necessary to protect the Covered Property, for consideration in the settlement of the claim. This will not increase the Limit of Insurance. However, we will not pay for any subsequent loss or damage resulting from a cause of loss that is not a Covered Cause of Loss. Also, if feasible, set the damaged property aside and in the best possible order for examination.
 - (5) At our request, give us complete inventories of the damaged and undamaged property. Include quantities, costs, values and amount of loss claimed.
 - (6) As often as may be reasonably required, permit us to inspect the property proving the loss or damage and examine your books and records.
Also, permit us to take samples of damaged and undamaged property for inspection, testing and analysis, and permit us to make copies from your books and records.
 - (7) Send us a signed, sworn proof of loss containing the information we request to investigate the claim. You must do this within 60 days after our request. We will supply you with the necessary forms.
 - (8) Cooperate with us in the investigation or settlement of the claim.
- b. We may examine any insured under oath, while not in the presence of any other insured and at such times as may be reasonably required, about any matter relating to this insurance or the claim, including an insured's books and records. In the event of an examination, an insured's answers must be signed.
- 4. Loss Payment**
- a. In the event of loss or damage covered by this Coverage Form, at our option, we will either:
 - (1) Pay the value of lost or damaged property;
 - (2) Pay the cost of repairing or replacing the lost or damaged property, subject to b. below;
 - (3) Take all or any part of the property at an agreed or appraised value; or
 - (4) Repair, rebuild or replace the property with other property of like kind and quality, subject to b. below.

We will determine the value of lost or damaged property, or the cost of its repair or replacement, in accordance with the applicable terms of the Valuation Condition in this Coverage Form or any applicable provision which amends or supersedes the Valuation Condition.
 - b. The cost to repair, rebuild or replace does not include the increased cost attributable to enforcement of or compliance with any ordinance or law regulating the construction, use or repair of any property.
 - c. We will give notice of our intentions within 30 days after we receive the sworn proof of loss.
 - d. We will not pay you more than your financial interest in the Covered Property.
 - e. We may adjust losses with the owners of lost or damaged property if other than you. If we pay the owners, such payments will satisfy your claims against us for the owners' property. We will not pay the owners more than their financial interest in the Covered Property.
 - f. We may elect to defend you against suits arising from claims of owners of property. We will do this at our expense.
 - g. We will pay for covered loss or damage within 30 days after we receive the sworn proof of loss, if you have complied with all of the terms of this Coverage Part, and:
 - (1) We have reached agreement with you on the amount of loss; or
 - (2) An appraisal award has been made.

h. A party wall is a wall that separates and is common to adjoining buildings that are owned by different parties. In settling covered losses involving a party wall, we will pay a proportion of the loss to the party wall based on your interest in the wall in proportion to the interest of the owner of the adjoining building. However, if you elect to repair or replace your building and the owner of the adjoining building elects not to repair or replace that building, we will pay you the full value of the loss to the party wall, subject to all applicable policy provisions including Limits of Insurance, the Valuation and Coinsurance Conditions and all other provisions of this Loss Payment Condition. Our payment under the provisions of this paragraph does not alter any right of subrogation we may have against any entity, including the owner or insurer of the adjoining building, and does not alter the terms of the Transfer Of Rights Of Recovery Against Others To Us Condition in this policy.

5. Recovered Property

If either you or we recover any property after loss settlement, that party must give the other prompt notice. At your option, the property will be returned to you. You must then return to us the amount we paid to you for the property. We will pay recovery expenses and the expenses to repair the recovered property, subject to the Limit of Insurance.

6. Vacancy

a. Description Of Terms

(1) As used in this Vacancy Condition, the term building and the term vacant have the meanings set forth in (1)(a) and (1)(b) below:

(a) When this policy is issued to a tenant, and with respect to that tenant's interest in Covered Property, building means the unit or suite rented or leased to the tenant. Such building is vacant when it does not contain enough business personal property to conduct customary operations.

(b) When this policy is issued to the owner or general lessee of a building, building means the entire building. Such building is vacant unless at least 31% of its total square footage is:

(i) Rented to a lessee or sublessee and used by the lessee or sublessee to conduct its customary operations; and/or

(ii) Used by the building owner to conduct customary operations.

(2) Buildings under construction or renovation are not considered vacant.

b. Vacancy Provisions

If the building where loss or damage occurs has been vacant for more than 60 consecutive days before that loss or damage occurs:

(1) We will not pay for any loss or damage caused by any of the following, even if they are Covered Causes of Loss:

(a) Vandalism;

(b) Sprinkler leakage, unless you have protected the system against freezing;

(c) Building glass breakage;

(d) Water damage;

(e) Theft; or

(f) Attempted theft.

(2) With respect to Covered Causes of Loss other than those listed in b.(1)(a) through b.(1)(f) above, we will reduce the amount we would otherwise pay for the loss or damage by 15%.

7. Valuation

We will determine the value of Covered Property in the event of loss or damage as follows:

a. At actual cash value as of the time of loss or damage, except as provided in b., c., d. and e. below.

b. If the Limit of Insurance for Building satisfies the Additional Condition, Coinsurance, and the cost to repair or replace the damaged building property is \$2,500 or less, we will pay the cost of building repairs or replacement.

The cost of building repairs or replacement does not include the increased cost attributable to enforcement of or compliance with any ordinance or law regulating the construction, use or repair of any property.

However, the following property will be valued at the actual cash value, even when attached to the building:

- (1) Awnings or floor coverings;
 - (2) Appliances for refrigerating, ventilating, cooking, dishwashing or laundering; or
 - (3) Outdoor equipment or furniture.
- c. "Stock" you have sold but not delivered at the selling price less discounts and expenses you otherwise would have had.
- d. Glass at the cost of replacement with safety-glazing material if required by law.
- e. Tenants' Improvements and Betterments at:
- (1) Actual cash value of the lost or damaged property if you make repairs promptly.
 - (2) A proportion of your original cost if you do not make repairs promptly. We will determine the proportionate value as follows:
 - (a) Multiply the original cost by the number of days from the loss or damage to the expiration of the lease; and
 - (b) Divide the amount determined in (a) above by the number of days from the installation of improvements to the expiration of the lease.

If your lease contains a renewal option, the expiration of the renewal option period will replace the expiration of the lease in this procedure.
 - (3) Nothing if others pay for repairs or replacement.

F. Additional Conditions

The following conditions apply in addition to the Common Policy Conditions and the Commercial Property Conditions:

1. Coinsurance

If a Coinsurance percentage is shown in the Declarations, the following condition applies:

- a. We will not pay the full amount of any loss if the value of Covered Property at the time of loss times the Coinsurance percentage shown for it in the Declarations is greater than the Limit of Insurance for the property.

Instead, we will determine the most we will pay using the following steps:

- (1) Multiply the value of Covered Property at the time of loss by the Coinsurance percentage;
- (2) Divide the Limit of Insurance of the property by the figure determined in Step (1);
- (3) Multiply the total amount of loss, before the application of any deductible, by the figure determined in Step (2); and
- (4) Subtract the deductible from the figure determined in Step (3).

We will pay the amount determined in Step (4) or the Limit of Insurance, whichever is less. For the remainder, you will either have to rely on other insurance or absorb the loss yourself.

Example 1 (Underinsurance)

When:	The value of the property is:	\$ 250,000
	The Coinsurance percentage for it is:	80%
	The Limit of Insurance for it is:	\$ 100,000
	The Deductible is:	\$ 250
	The amount of loss is:	\$ 40,000

Step (1): $\$250,000 \times 80\% = \$200,000$
(the minimum amount of insurance to meet your Coinsurance requirements)

Step (2): $\$100,000 \div \$200,000 = .50$

Step (3): $\$40,000 \times .50 = \$20,000$

Step (4): $\$20,000 - \$250 = \$19,750$

We will pay no more than \$19,750. The remaining \$20,250 is not covered.

Example 2 (Adequate Insurance)

When:	The value of the property is:	\$ 250,000
	The Coinsurance percentage for it is:	80%
	The Limit of Insurance for it is:	\$ 200,000
	The Deductible is:	\$ 250
	The amount of loss is:	\$ 40,000

The minimum amount of insurance to meet your Coinsurance requirement is \$200,000 ($\$250,000 \times 80\%$). Therefore, the Limit of Insurance in this example is adequate, and no penalty applies. We will pay no more than \$39,750 (\$40,000 amount of loss minus the deductible of \$250).

- b. If one Limit of Insurance applies to two or more separate items, this condition will apply to the total of all property to which the limit applies.

Example 3

When:	The value of the property is:	
	Building at Location 1:	\$ 75,000
	Building at Location 2:	\$ 100,000
	Personal Property at Location 2:	\$ 75,000
		<u>\$ 250,000</u>
	The Coinsurance percentage for it is:	90%
	The Limit of Insurance for Buildings and Personal Property at Locations 1 and 2 is:	\$ 180,000
	The Deductible is:	\$ 1,000
	The amount of loss is:	
	Building at Location 2:	\$ 30,000
	Personal Property at Location 2:	\$ 20,000
		<u>\$ 50,000</u>

Step (1): $\$250,000 \times 90\% = \$225,000$
(the minimum amount of insurance to meet your Coinsurance requirements and to avoid the penalty shown below)

Step (2): $\$180,000 \div \$225,000 = .80$

Step (3): $\$50,000 \times .80 = \$40,000$

Step (4): $\$40,000 - \$1,000 = \$39,000$

We will pay no more than \$39,000. The remaining \$11,000 is not covered.

2. Mortgageholders

- The term mortgageholder includes trustee.
- We will pay for covered loss of or damage to buildings or structures to each mortgageholder shown in the Declarations in their order of precedence, as interests may appear.
- The mortgageholder has the right to receive loss payment even if the mortgageholder has started foreclosure or similar action on the building or structure.
- If we deny your claim because of your acts or because you have failed to comply with the terms of this Coverage Part, the mortgageholder will still have the right to receive loss payment if the mortgageholder:
 - (1) Pays any premium due under this Coverage Part at our request if you have failed to do so;

- (2) Submits a signed, sworn proof of loss within 60 days after receiving notice from us of your failure to do so; and

- (3) Has notified us of any change in ownership, occupancy or substantial change in risk known to the mortgageholder.

All of the terms of this Coverage Part will then apply directly to the mortgageholder.

- e. If we pay the mortgageholder for any loss or damage and deny payment to you because of your acts or because you have failed to comply with the terms of this Coverage Part:

- (1) The mortgageholder's rights under the mortgage will be transferred to us to the extent of the amount we pay; and

- (2) The mortgageholder's right to recover the full amount of the mortgageholder's claim will not be impaired.

At our option, we may pay to the mortgageholder the whole principal on the mortgage plus any accrued interest. In this event, your mortgage and note will be transferred to us and you will pay your remaining mortgage debt to us.

- f. If we cancel this policy, we will give written notice to the mortgageholder at least:

- (1) 10 days before the effective date of cancellation if we cancel for your nonpayment of premium; or

- (2) 30 days before the effective date of cancellation if we cancel for any other reason.

- g. If we elect not to renew this policy, we will give written notice to the mortgageholder at least 10 days before the expiration date of this policy.

G. Optional Coverages

If shown as applicable in the Declarations, the following Optional Coverages apply separately to each item:

1. Agreed Value

- a. The Additional Condition, Coinsurance, does not apply to Covered Property to which this Optional Coverage applies. We will pay no more for loss of or damage to that property than the proportion that the Limit of Insurance under this Coverage Part for the property bears to the Agreed Value shown for it in the Declarations.

b. If the expiration date for this Optional Coverage shown in the Declarations is not extended, the Additional Condition, Coinsurance, is reinstated and this Optional Coverage expires.

c. The terms of this Optional Coverage apply only to loss or damage that occurs:

- (1) On or after the effective date of this Optional Coverage; and
- (2) Before the Agreed Value expiration date shown in the Declarations or the policy expiration date, whichever occurs first.

2. Inflation Guard

a. The Limit of Insurance for property to which this Optional Coverage applies will automatically increase by the annual percentage shown in the Declarations.

b. The amount of increase will be:

- (1) The Limit of Insurance that applied on the most recent of the policy inception date, the policy anniversary date, or any other policy change amending the Limit of Insurance, times
- (2) The percentage of annual increase shown in the Declarations, expressed as a decimal (example: 8% is .08), times
- (3) The number of days since the beginning of the current policy year or the effective date of the most recent policy change amending the Limit of Insurance, divided by 365.

Example

If: The applicable Limit of Insurance is: \$ 100,000
 The annual percentage increase is: 8%
 The number of days since the beginning of the policy year (or last policy change) is: 146
 The amount of increase is:
 $\$100,000 \times .08 \times 146 \div 365 = \$ 3,200$

3. Replacement Cost

a. Replacement Cost (without deduction for depreciation) replaces Actual Cash Value in the Valuation Loss Condition of this Coverage Form.

b. This Optional Coverage does not apply to:

- (1) Personal property of others;
- (2) Contents of a residence;
- (3) Works of art, antiques or rare articles, including etchings, pictures, statuary, marbles, bronzes, porcelains and bric-a-brac; or

(4) "Stock", unless the Including "Stock" option is shown in the Declarations.

Under the terms of this Replacement Cost Optional Coverage, tenants' improvements and betterments are not considered to be the personal property of others.

c. You may make a claim for loss or damage covered by this insurance on an actual cash value basis instead of on a replacement cost basis. In the event you elect to have loss or damage settled on an actual cash value basis, you may still make a claim for the additional coverage this Optional Coverage provides if you notify us of your intent to do so within 180 days after the loss or damage.

d. We will not pay on a replacement cost basis for any loss or damage:

- (1) Until the lost or damaged property is actually repaired or replaced; and
- (2) Unless the repair or replacement is made as soon as reasonably possible after the loss or damage.

With respect to tenants' improvements and betterments, the following also apply:

(3) If the conditions in d.(1) and d.(2) above are not met, the value of tenants' improvements and betterments will be determined as a proportion of your original cost, as set forth in the Valuation Loss Condition of this Coverage Form; and

(4) We will not pay for loss or damage to tenants' improvements and betterments if others pay for repairs or replacement.

e. We will not pay more for loss or damage on a replacement cost basis than the least of (1), (2) or (3), subject to f. below:

- (1) The Limit of Insurance applicable to the lost or damaged property;
- (2) The cost to replace the lost or damaged property with other property:
 - (a) Of comparable material and quality; and
 - (b) Used for the same purpose; or
- (3) The amount actually spent that is necessary to repair or replace the lost or damaged property.

If a building is rebuilt at a new premises, the cost described in e.(2) above is limited to the cost which would have been incurred if the building had been rebuilt at the original premises.

- f. The cost of repair or replacement does not include the increased cost attributable to enforcement of or compliance with any ordinance or law regulating the construction, use or repair of any property.

4. Extension Of Replacement Cost To Personal Property Of Others

- a. If the Replacement Cost Optional Coverage is shown as applicable in the Declarations, then this Extension may also be shown as applicable. If the Declarations show this Extension as applicable, then Paragraph 3.b.(1) of the Replacement Cost Optional Coverage is deleted and all other provisions of the Replacement Cost Optional Coverage apply to replacement cost on personal property of others.

- b. With respect to replacement cost on the personal property of others, the following limitation applies:

If an item(s) of personal property of others is subject to a written contract which governs your liability for loss or damage to that item(s), then valuation of that item(s) will be based on the amount for which you are liable under such contract, but not to exceed the lesser of the replacement cost of the property or the applicable Limit of Insurance.

H. Definitions

1. "Fungus" means any type or form of fungus, including mold or mildew, and any mycotoxins, spores, scents or by-products produced or released by fungi.
2. "Pollutants" means any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste. Waste includes materials to be recycled, reconditioned or reclaimed.
3. "Stock" means merchandise held in storage or for sale, raw materials and in-process or finished goods, including supplies used in their packing or shipping.

COMMERCIAL PROPERTY
CP 00 30 10 12**BUSINESS INCOME (AND EXTRA EXPENSE)
COVERAGE FORM**

Various provisions in this policy restrict coverage. Read the entire policy carefully to determine rights, duties and what is and is not covered.

Throughout this policy, the words "you" and "your" refer to the Named Insured shown in the Declarations. The words "we", "us" and "our" refer to the company providing this insurance.

Other words and phrases that appear in quotation marks have special meaning. Refer to Section F. Definitions.

A. Coverage**1. Business Income**

Business Income means the:

- a. Net Income (Net Profit or Loss before income taxes) that would have been earned or incurred; and
- b. Continuing normal operating expenses incurred, including payroll.

For manufacturing risks, Net Income includes the net sales value of production.

Coverage is provided as described and limited below for one or more of the following options for which a Limit Of Insurance is shown in the Declarations:

- (1) Business Income Including "Rental Value".
- (2) Business Income Other Than "Rental Value".
- (3) "Rental Value".

If option (1) above is selected, the term Business Income will include "Rental Value". If option (3) above is selected, the term Business Income will mean "Rental Value" only.

If Limits of Insurance are shown under more than one of the above options, the provisions of this Coverage Part apply separately to each.

We will pay for the actual loss of Business Income you sustain due to the necessary "suspension" of your "operations" during the "period of restoration". The "suspension" must be caused by direct physical loss of or damage to property at premises which are described in the Declarations and for which a Business Income Limit Of Insurance is shown in the Declarations. The loss or damage must be caused by or result from a Covered Cause of Loss. With respect to loss of or damage to personal property in the open or personal property in a vehicle, the described premises include the area within 100 feet of such premises.

With respect to the requirements set forth in the preceding paragraph, if you occupy only part of a building, your premises means:

- (a) The portion of the building which you rent, lease or occupy;
- (b) The area within 100 feet of the building or within 100 feet of the premises described in the Declarations, whichever distance is greater (with respect to loss of or damage to personal property in the open or personal property in a vehicle); and
- (c) Any area within the building or at the described premises, if that area services, or is used to gain access to, the portion of the building which you rent, lease or occupy.

2. Extra Expense

- a. Extra Expense Coverage is provided at the premises described in the Declarations only if the Declarations show that Business Income Coverage applies at that premises.
- b. Extra Expense means necessary expenses you incur during the "period of restoration" that you would not have incurred if there had been no direct physical loss or damage to property caused by or resulting from a Covered Cause of Loss.

We will pay Extra Expense (other than the expense to repair or replace property) to:

- (1) Avoid or minimize the "suspension" of business and to continue operations at the described premises or at replacement premises or temporary locations, including relocation expenses and costs to equip and operate the replacement location or temporary location.

- (2) Minimize the "suspension" of business if you cannot continue "operations".

We will also pay Extra Expense to repair or replace property, but only to the extent it reduces the amount of loss that otherwise would have been payable under this Coverage Form.

3. Covered Causes Of Loss, Exclusions And Limitations

See applicable Causes Of Loss form as shown in the Declarations.

4. Additional Limitation – Interruption Of Computer Operations

- a. Coverage for Business Income does not apply when a "suspension" of "operations" is caused by destruction or corruption of electronic data, or any loss or damage to electronic data, except as provided under the Additional Coverage, Interruption Of Computer Operations.
- b. Coverage for Extra Expense does not apply when action is taken to avoid or minimize a "suspension" of "operations" caused by destruction or corruption of electronic data, or any loss or damage to electronic data, except as provided under the Additional Coverage, Interruption Of Computer Operations.
- c. Electronic data means information, facts or computer programs stored as or on, created or used on, or transmitted to or from computer software (including systems and applications software), on hard or floppy disks, CD-ROMs, tapes, drives, cells, data processing devices or any other repositories of computer software which are used with electronically controlled equipment. The term computer programs, referred to in the foregoing description of electronic data, means a set of related electronic instructions which direct the operations and functions of a computer or device connected to it, which enable the computer or device to receive, process, store, retrieve or send data.
- d. This Additional Limitation does not apply when loss or damage to electronic data involves only electronic data which is integrated in and operates or controls a building's elevator, lighting, heating, ventilation, air conditioning or security system.

5. Additional Coverages

a. Civil Authority

In this Additional Coverage, Civil Authority, the described premises are premises to which this Coverage Form applies, as shown in the Declarations.

When a Covered Cause of Loss causes damage to property other than property at the described premises, we will pay for the actual loss of Business Income you sustain and necessary Extra Expense caused by action of civil authority that prohibits access to the described premises, provided that both of the following apply:

- (1) Access to the area immediately surrounding the damaged property is prohibited by civil authority as a result of the damage, and the described premises are within that area but are not more than one mile from the damaged property; and
- (2) The action of civil authority is taken in response to dangerous physical conditions resulting from the damage or continuation of the Covered Cause of Loss that caused the damage, or the action is taken to enable a civil authority to have unimpeded access to the damaged property.

Civil Authority Coverage for Business Income will begin 72 hours after the time of the first action of civil authority that prohibits access to the described premises and will apply for a period of up to four consecutive weeks from the date on which such coverage began.

Civil Authority Coverage for Extra Expense will begin immediately after the time of the first action of civil authority that prohibits access to the described premises and will end:

- (1) Four consecutive weeks after the date of that action; or
 - (2) When your Civil Authority Coverage for Business Income ends;
- whichever is later.

b. Alterations And New Buildings

We will pay for the actual loss of Business Income you sustain and necessary Extra Expense you incur due to direct physical loss or damage at the described premises caused by or resulting from any Covered Cause of Loss to:

- (1) New buildings or structures, whether complete or under construction;
- (2) Alterations or additions to existing buildings or structures; and
- (3) Machinery, equipment, supplies or building materials located on or within 100 feet of the described premises and:
 - (a) Used in the construction, alterations or additions; or
 - (b) Incidental to the occupancy of new buildings.

If such direct physical loss or damage delays the start of "operations", the "period of restoration" for Business Income Coverage will begin on the date "operations" would have begun if the direct physical loss or damage had not occurred.

c. Extended Business Income**(1) Business Income Other Than "Rental Value"**

If the necessary "suspension" of your "operations" produces a Business Income loss payable under this policy, we will pay for the actual loss of Business Income you incur during the period that:

- (a) Begins on the date property (except "finished stock") is actually repaired, rebuilt or replaced and "operations" are resumed; and
- (b) Ends on the earlier of:
 - (i) The date you could restore your "operations", with reasonable speed, to the level which would generate the business income amount that would have existed if no direct physical loss or damage had occurred; or
 - (ii) 60 consecutive days after the date determined in (1)(a) above.

However, Extended Business Income does not apply to loss of Business Income incurred as a result of unfavorable business conditions caused by the impact of the Covered Cause of Loss in the area where the described premises are located.

Loss of Business Income must be caused by direct physical loss or damage at the described premises caused by or resulting from any Covered Cause of Loss.

(2) "Rental Value"

If the necessary "suspension" of your "operations" produces a "Rental Value" loss payable under this policy, we will pay for the actual loss of "Rental Value" you incur during the period that:

- (a) Begins on the date property is actually repaired, rebuilt or replaced and tenantability is restored; and
- (b) Ends on the earlier of:
 - (i) The date you could restore tenant occupancy, with reasonable speed, to the level which would generate the "Rental Value" that would have existed if no direct physical loss or damage had occurred; or
 - (ii) 60 consecutive days after the date determined in (2)(a) above.

However, Extended Business Income does not apply to loss of "Rental Value" incurred as a result of unfavorable business conditions caused by the impact of the Covered Cause of Loss in the area where the described premises are located.

Loss of "Rental Value" must be caused by direct physical loss or damage at the described premises caused by or resulting from any Covered Cause of Loss.

d. Interruption Of Computer Operations

- (1) Under this Additional Coverage, electronic data has the meaning described under Additional Limitation – Interruption Of Computer Operations.

- (2) Subject to all provisions of this Additional Coverage, you may extend the insurance that applies to Business Income and Extra Expense to apply to a "suspension" of "operations" caused by an interruption in computer operations due to destruction or corruption of electronic data due to a Covered Cause of Loss. However, we will not provide coverage under this Additional Coverage when the Additional Limitation – Interruption Of Computer Operations does not apply based on Paragraph A.4.d. therein.
- (3) With respect to the coverage provided under this Additional Coverage, the Covered Causes of Loss are subject to the following:
 - (a) If the Causes Of Loss – Special Form applies, coverage under this Additional Coverage, Interruption Of Computer Operations, is limited to the "specified causes of loss" as defined in that form and Collapse as set forth in that form.
 - (b) If the Causes Of Loss – Broad Form applies, coverage under this Additional Coverage, Interruption Of Computer Operations, includes Collapse as set forth in that form.
 - (c) If the Causes Of Loss form is endorsed to add a Covered Cause of Loss, the additional Covered Cause of Loss does not apply to the coverage provided under this Additional Coverage, Interruption Of Computer Operations.
 - (d) The Covered Causes of Loss include a virus, harmful code or similar instruction introduced into or enacted on a computer system (including electronic data) or a network to which it is connected, designed to damage or destroy any part of the system or disrupt its normal operation. But there is no coverage for an interruption related to manipulation of a computer system (including electronic data) by any employee, including a temporary or leased employee, or by an entity retained by you or for you to inspect, design, install, maintain, repair or replace that system.
- (4) The most we will pay under this Additional Coverage, Interruption Of Computer Operations, is \$2,500 (unless a higher limit is shown in the Declarations) for all loss sustained and expense incurred in any one policy year, regardless of the number of interruptions or the number of premises, locations or computer systems involved. If loss payment relating to the first interruption does not exhaust this amount, then the balance is available for loss or expense sustained or incurred as a result of subsequent interruptions in that policy year. A balance remaining at the end of a policy year does not increase the amount of insurance in the next policy year. With respect to any interruption which begins in one policy year and continues or results in additional loss or expense in a subsequent policy year(s), all loss and expense is deemed to be sustained or incurred in the policy year in which the interruption began.
- (5) This Additional Coverage, Interruption Of Computer Operations, does not apply to loss sustained or expense incurred after the end of the "period of restoration", even if the amount of insurance stated in (4) above has not been exhausted.

6. Coverage Extension

If a Coinsurance percentage of 50% or more is shown in the Declarations, you may extend the insurance provided by this Coverage Part as follows:

Newly Acquired Locations

- a. You may extend your Business Income and Extra Expense Coverages to apply to property at any location you acquire other than fairs or exhibitions.
- b. The most we will pay under this Extension, for the sum of Business Income loss and Extra Expense incurred, is \$100,000 at each location, unless a higher limit is shown in the Declarations.
- c. Insurance under this Extension for each newly acquired location will end when any of the following first occurs:
 - (1) This policy expires;

(2) 30 days expire after you acquire or begin to construct the property; or

(3) You report values to us.

We will charge you additional premium for values reported from the date you acquire the property.

The Additional Condition, Coinsurance, does not apply to this Extension.

B. Limits Of Insurance

The most we will pay for loss in any one occurrence is the applicable Limit Of Insurance shown in the Declarations.

Payments under the following coverages will not increase the applicable Limit of Insurance:

1. Alterations And New Buildings;
2. Civil Authority;
3. Extra Expense; or
4. Extended Business Income.

The amounts of insurance stated in the Interruption Of Computer Operations Additional Coverage and the Newly Acquired Locations Coverage Extension apply in accordance with the terms of those coverages and are separate from the Limit(s) Of Insurance shown in the Declarations for any other coverage.

C. Loss Conditions

The following conditions apply in addition to the Common Policy Conditions and the Commercial Property Conditions:

1. Appraisal

If we and you disagree on the amount of Net Income and operating expense or the amount of loss, either may make written demand for an appraisal of the loss. In this event, each party will select a competent and impartial appraiser.

The two appraisers will select an umpire. If they cannot agree, either may request that selection be made by a judge of a court having jurisdiction. The appraisers will state separately the amount of Net Income and operating expense or amount of loss. If they fail to agree, they will submit their differences to the umpire. A decision agreed to by any two will be binding. Each party will:

- a. Pay its chosen appraiser; and
- b. Bear the other expenses of the appraisal and umpire equally.

If there is an appraisal, we will still retain our right to deny the claim.

2. Duties In The Event Of Loss

a. You must see that the following are done in the event of loss:

- (1) Notify the police if a law may have been broken.
- (2) Give us prompt notice of the direct physical loss or damage. Include a description of the property involved.
- (3) As soon as possible, give us a description of how, when and where the direct physical loss or damage occurred.
- (4) Take all reasonable steps to protect the Covered Property from further damage, and keep a record of your expenses necessary to protect the Covered Property, for consideration in the settlement of the claim. This will not increase the Limit of Insurance. However, we will not pay for any subsequent loss or damage resulting from a cause of loss that is not a Covered Cause of Loss. Also, if feasible, set the damaged property aside and in the best possible order for examination.
- (5) As often as may be reasonably required, permit us to inspect the property proving the loss or damage and examine your books and records.

Also permit us to take samples of damaged and undamaged property for inspection, testing and analysis, and permit us to make copies from your books and records.
- (6) Send us a signed, sworn proof of loss containing the information we request to investigate the claim. You must do this within 60 days after our request. We will supply you with the necessary forms.
- (7) Cooperate with us in the investigation or settlement of the claim.
- (8) If you intend to continue your business, you must resume all or part of your "operations" as quickly as possible.

b. We may examine any insured under oath, while not in the presence of any other insured and at such times as may be reasonably required, about any matter relating to this insurance or the claim, including an insured's books and records. In the event of an examination, an insured's answers must be signed.

3. Loss Determination

a. The amount of Business Income loss will be determined based on:

- (1) The Net Income of the business before the direct physical loss or damage occurred;
- (2) The likely Net Income of the business if no physical loss or damage had occurred, but not including any Net Income that would likely have been earned as a result of an increase in the volume of business due to favorable business conditions caused by the impact of the Covered Cause of Loss on customers or on other businesses;
- (3) The operating expenses, including payroll expenses, necessary to resume "operations" with the same quality of service that existed just before the direct physical loss or damage; and
- (4) Other relevant sources of information, including:
 - (a) Your financial records and accounting procedures;
 - (b) Bills, invoices and other vouchers; and
 - (c) Deeds, liens or contracts.

b. The amount of Extra Expense will be determined based on:

- (1) All expenses that exceed the normal operating expenses that would have been incurred by "operations" during the "period of restoration" if no direct physical loss or damage had occurred. We will deduct from the total of such expenses:
 - (a) The salvage value that remains of any property bought for temporary use during the "period of restoration", once "operations" are resumed; and
 - (b) Any Extra Expense that is paid for by other insurance, except for insurance that is written subject to the same plan, terms, conditions and provisions as this insurance; and
- (2) Necessary expenses that reduce the Business Income loss that otherwise would have been incurred.

c. Resumption Of Operations

We will reduce the amount of your:

- (1) Business Income loss, other than Extra Expense, to the extent you can resume your "operations", in whole or in part, by using damaged or undamaged property (including merchandise or stock) at the described premises or elsewhere.
 - (2) Extra Expense loss to the extent you can return "operations" to normal and discontinue such Extra Expense.
- d. If you do not resume "operations", or do not resume "operations" as quickly as possible, we will pay based on the length of time it would have taken to resume "operations" as quickly as possible.

4. Loss Payment

We will pay for covered loss within 30 days after we receive the sworn proof of loss, if you have complied with all of the terms of this Coverage Part, and:

- a. We have reached agreement with you on the amount of loss; or
- b. An appraisal award has been made.

D. Additional Condition**COINSURANCE**

If a Coinsurance percentage is shown in the Declarations, the following condition applies in addition to the Common Policy Conditions and the Commercial Property Conditions.

We will not pay the full amount of any Business Income loss if the Limit of Insurance for Business Income is less than:

1. The Coinsurance percentage shown for Business Income in the Declarations; times
2. The sum of:

- a. The Net Income (Net Profit or Loss before income taxes), and
- b. Operating expenses, including payroll expenses,

that would have been earned or incurred (had no loss occurred) by your "operations" at the described premises for the 12 months following the inception, or last previous anniversary date, of this policy (whichever is later).

Instead, we will determine the most we will pay using the following steps:

Step (1): Multiply the Net Income and operating expense for the 12 months following the inception, or last previous anniversary date, of this policy by the Coinsurance percentage;

Step (2): Divide the Limit of Insurance for the described premises by the figure determined in Step (1); and

Step (3): Multiply the total amount of loss by the figure determined in Step (2).

We will pay the amount determined in Step (3) or the limit of insurance, whichever is less. For the remainder, you will either have to rely on other insurance or absorb the loss yourself.

In determining operating expenses for the purpose of applying the Coinsurance condition, the following expenses, if applicable, shall be deducted from the total of all operating expenses:

- (1) Prepaid freight – outgoing;
- (2) Returns and allowances;
- (3) Discounts;
- (4) Bad debts;
- (5) Collection expenses;
- (6) Cost of raw stock and factory supplies consumed (including transportation charges);
- (7) Cost of merchandise sold (including transportation charges);
- (8) Cost of other supplies consumed (including transportation charges);
- (9) Cost of services purchased from outsiders (not employees) to resell, that do not continue under contract;
- (10) Power, heat and refrigeration expenses that do not continue under contract (if Form CP 15 11 is attached);
- (11) All payroll expenses or the amount of payroll expense excluded (if Form CP 15 10 is attached); and
- (12) Special deductions for mining properties (royalties unless specifically included in coverage; actual depletion commonly known as unit or cost depletion – not percentage depletion; welfare and retirement fund charges based on tonnage; hired trucks).

Example 1 (Underinsurance)

When: The Net Income and operating expenses for the 12 months following the inception, or last previous anniversary date, of this policy at the described premises would have been: \$ 400,000
 The Coinsurance percentage is: 50%
 The Limit of Insurance is: \$ 150,000
 The amount of loss is: \$ 80,000

Step (1): $\$400,000 \times 50\% = \$200,000$
 (the minimum amount of insurance to meet your Coinsurance requirements)

Step (2): $\$150,000 \div \$200,000 = .75$

Step (3): $\$80,000 \times .75 = \$60,000$

We will pay no more than \$60,000. The remaining \$20,000 is not covered.

Example 2 (Adequate Insurance)

When: The Net Income and operating expenses for the 12 months following the inception, or last previous anniversary date, of this policy at the described premises would have been: \$ 400,000
 The Coinsurance percentage is: 50%
 The Limit of Insurance is: \$ 200,000
 The amount of loss is: \$ 80,000

The minimum amount of insurance to meet your Coinsurance requirement is \$200,000 (\$400,000 x 50%). Therefore, the Limit of Insurance in this example is adequate and no penalty applies. We will pay no more than \$80,000 (amount of loss).

This condition does not apply to Extra Expense Coverage.

E. Optional Coverages

If shown as applicable in the Declarations, the following Optional Coverages apply separately to each item.

1. Maximum Period Of Indemnity

- a. The Additional Condition, Coinsurance, does not apply to this Coverage Form at the described premises to which this Optional Coverage applies.

b. The most we will pay for the total of Business Income loss and Extra Expense is the lesser of:

- (1) The amount of loss sustained and expenses incurred during the 120 days immediately following the beginning of the "period of restoration"; or
- (2) The Limit Of Insurance shown in the Declarations.

2. Monthly Limit Of Indemnity

a. The Additional Condition, Coinsurance, does not apply to this Coverage Form at the described premises to which this Optional Coverage applies.

b. The most we will pay for loss of Business Income in each period of 30 consecutive days after the beginning of the "period of restoration" is:

- (1) The Limit of Insurance, multiplied by
- (2) The fraction shown in the Declarations for this Optional Coverage.

Example

When: The Limit of Insurance is: \$ 120,000
 The fraction shown in the Declarations for this Optional Coverage is: 1/4
 The most we will pay for loss in each period of 30 consecutive days is: \$ 30,000
 (\$120,000 x 1/4 = \$30,000)
 If, in this example, the actual amount of loss is:

Days 1-30:	\$ 40,000
Days 31-60:	\$ 20,000
Days 61-90:	\$ 30,000
	\$ 90,000

We will pay:

Days 1-30:	\$ 30,000
Days 31-60:	\$ 20,000
Days 61-90:	\$ 30,000
	\$ 80,000

The remaining \$10,000 is not covered.

3. Business Income Agreed Value

a. To activate this Optional Coverage:

- (1) A Business Income Report/Work Sheet must be submitted to us and must show financial data for your "operations":
 - (a) During the 12 months prior to the date of the Work Sheet; and

(b) Estimated for the 12 months immediately following the inception of this Optional Coverage.

(2) The Declarations must indicate that the Business Income Agreed Value Optional Coverage applies, and an Agreed Value must be shown in the Declarations. The Agreed Value should be at least equal to:

- (a) The Coinsurance percentage shown in the Declarations; multiplied by
- (b) The amount of Net Income and operating expenses for the following 12 months you report on the Work Sheet.

b. The Additional Condition, Coinsurance, is suspended until:

- (1) 12 months after the effective date of this Optional Coverage; or
- (2) The expiration date of this policy; whichever occurs first.

c. We will reinstate the Additional Condition, Coinsurance, automatically if you do not submit a new Work Sheet and Agreed Value:

- (1) Within 12 months of the effective date of this Optional Coverage; or
- (2) When you request a change in your Business Income Limit of Insurance.

d. If the Business Income Limit of Insurance is less than the Agreed Value, we will not pay more of any loss than the amount of loss multiplied by:

- (1) The Business Income Limit of Insurance; divided by
- (2) The Agreed Value.

Example

When: The Limit of Insurance is: \$ 100,000
 The Agreed Value is: \$ 200,000
 The amount of loss is: \$ 80,000

Step (1): $\$100,000 \div \$200,000 = .50$

Step (2): $.50 \times \$80,000 = \$40,000$

We will pay \$40,000. The remaining \$40,000 is not covered.

4. Extended Period Of Indemnity

Under Paragraph A.5.c., **Extended Business Income**, the number 60 in Subparagraphs (1)(b) and (2)(b) is replaced by the number shown in the Declarations for this Optional Coverage.

F. Definitions

1. "Finished stock" means stock you have manufactured.

"Finished stock" also includes whiskey and alcoholic products being aged, unless there is a Coinsurance percentage shown for Business Income in the Declarations.

"Finished stock" does not include stock you have manufactured that is held for sale on the premises of any retail outlet insured under this Coverage Part.

2. "Operations" means:

- a. Your business activities occurring at the described premises; and
- b. The tenantability of the described premises, if coverage for Business Income Including "Rental Value" or "Rental Value" applies.

3. "Period of restoration" means the period of time that:

- a. Begins:

- (1) 72 hours after the time of direct physical loss or damage for Business Income Coverage; or

- (2) Immediately after the time of direct physical loss or damage for Extra Expense Coverage;

caused by or resulting from any Covered Cause of Loss at the described premises; and

- b. Ends on the earlier of:

- (1) The date when the property at the described premises should be repaired, rebuilt or replaced with reasonable speed and similar quality; or

- (2) The date when business is resumed at a new permanent location.

"Period of restoration" does not include any increased period required due to the enforcement of or compliance with any ordinance or law that:

- (1) Regulates the construction, use or repair, or requires the tearing down, of any property; or

- (2) Requires any insured or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of "pollutants".

The expiration date of this policy will not cut short the "period of restoration".

4. "Pollutants" means any solid, liquid, gaseous or thermal irritant or contaminant, including smoke, vapor, soot, fumes, acids, alkalis, chemicals and waste. Waste includes materials to be recycled, reconditioned or reclaimed.

5. "Rental Value" means Business Income that consists of:

- a. Net Income (Net Profit or Loss before income taxes) that would have been earned or incurred as rental income from tenant occupancy of the premises described in the Declarations as furnished and equipped by you, including fair rental value of any portion of the described premises which is occupied by you; and

- b. Continuing normal operating expenses incurred in connection with that premises, including:

- (1) Payroll; and

- (2) The amount of charges which are the legal obligation of the tenant(s) but would otherwise be your obligations.

6. "Suspension" means:

- a. The slowdown or cessation of your business activities; or

- b. That a part or all of the described premises is rendered untenable, if coverage for Business Income Including "Rental Value" or "Rental Value" applies.

COMMERCIAL PROPERTY
CP 10 30 10 12**CAUSES OF LOSS – SPECIAL FORM**

Words and phrases that appear in quotation marks have special meaning. Refer to Section G. Definitions.

A. Covered Causes Of Loss

When Special is shown in the Declarations, Covered Causes of Loss means direct physical loss unless the loss is excluded or limited in this policy.

B. Exclusions

1. We will not pay for loss or damage caused directly or indirectly by any of the following. Such loss or damage is excluded regardless of any other cause or event that contributes concurrently or in any sequence to the loss.

a. Ordinance Or Law

The enforcement of or compliance with any ordinance or law:

- (1) Regulating the construction, use or repair of any property; or
- (2) Requiring the tearing down of any property, including the cost of removing its debris.

This exclusion, Ordinance Or Law, applies whether the loss results from:

- (a) An ordinance or law that is enforced even if the property has not been damaged; or
- (b) The increased costs incurred to comply with an ordinance or law in the course of construction, repair, renovation, remodeling or demolition of property, or removal of its debris, following a physical loss to that property.

b. Earth Movement

- (1) Earthquake, including tremors and aftershocks and any earth sinking, rising or shifting related to such event;
- (2) Landslide, including any earth sinking, rising or shifting related to such event;
- (3) Mine subsidence, meaning subsidence of a man-made mine, whether or not mining activity has ceased;

- (4) Earth sinking (other than sinkhole collapse), rising or shifting including soil conditions which cause settling, cracking or other disarrangement of foundations or other parts of realty. Soil conditions include contraction, expansion, freezing, thawing, erosion, improperly compacted soil and the action of water under the ground surface.

But if Earth Movement, as described in b.(1) through (4) above, results in fire or explosion, we will pay for the loss or damage caused by that fire or explosion.

- (5) Volcanic eruption, explosion or effusion. But if volcanic eruption, explosion or effusion results in fire, building glass breakage or Volcanic Action, we will pay for the loss or damage caused by that fire, building glass breakage or Volcanic Action.

Volcanic Action means direct loss or damage resulting from the eruption of a volcano when the loss or damage is caused by:

- (a) Airborne volcanic blast or airborne shock waves;
- (b) Ash, dust or particulate matter; or
- (c) Lava flow.

With respect to coverage for Volcanic Action as set forth in (5)(a), (5)(b) and (5)(c), all volcanic eruptions that occur within any 168-hour period will constitute a single occurrence.

Volcanic Action does not include the cost to remove ash, dust or particulate matter that does not cause direct physical loss or damage to the described property.

This exclusion applies regardless of whether any of the above, in Paragraphs (1) through (5), is caused by an act of nature or is otherwise caused.

c. Governmental Action

Seizure or destruction of property by order of governmental authority.

But we will pay for loss or damage caused by or resulting from acts of destruction ordered by governmental authority and taken at the time of a fire to prevent its spread, if the fire would be covered under this Coverage Part.

d. Nuclear Hazard

Nuclear reaction or radiation, or radioactive contamination, however caused.

But if nuclear reaction or radiation, or radioactive contamination, results in fire, we will pay for the loss or damage caused by that fire.

e. Utility Services

The failure of power, communication, water or other utility service supplied to the described premises, however caused, if the failure:

- (1) Originates away from the described premises; or
- (2) Originates at the described premises, but only if such failure involves equipment used to supply the utility service to the described premises from a source away from the described premises.

Failure of any utility service includes lack of sufficient capacity and reduction in supply.

Loss or damage caused by a surge of power is also excluded, if the surge would not have occurred but for an event causing a failure of power.

But if the failure or surge of power, or the failure of communication, water or other utility service, results in a Covered Cause of Loss, we will pay for the loss or damage caused by that Covered Cause of Loss.

Communication services include but are not limited to service relating to Internet access or access to any electronic, cellular or satellite network.

f. War And Military Action

- (1) War, including undeclared or civil war;
- (2) Warlike action by a military force, including action in hindering or defending against an actual or expected attack, by any government, sovereign or other authority using military personnel or other agents; or

- (3) Insurrection, rebellion, revolution, usurped power, or action taken by governmental authority in hindering or defending against any of these.

g. Water

- (1) Flood, surface water, waves (including tidal wave and tsunami), tides, tidal water, overflow of any body of water, or spray from any of these, all whether or not driven by wind (including storm surge);
- (2) Mudslide or mudflow;
- (3) Water that backs up or overflows or is otherwise discharged from a sewer, drain, sump, sump pump or related equipment;
- (4) Water under the ground surface pressing on, or flowing or seeping through:
 - (a) Foundations, walls, floors or paved surfaces;
 - (b) Basements, whether paved or not;
 - (c) Doors, windows or other openings; or
- (5) Waterborne material carried or otherwise moved by any of the water referred to in Paragraph (1), (3) or (4), or material carried or otherwise moved by mudslide or mudflow.

This exclusion applies regardless of whether any of the above, in Paragraphs (1) through (5), is caused by an act of nature or is otherwise caused. An example of a situation to which this exclusion applies is the situation where a dam, levee, seawall or other boundary or containment system fails in whole or in part, for any reason, to contain the water.

But if any of the above, in Paragraphs (1) through (5), results in fire, explosion or sprinkler leakage, we will pay for the loss or damage caused by that fire, explosion or sprinkler leakage (if sprinkler leakage is a Covered Cause of Loss).

h. "Fungus", Wet Rot, Dry Rot And Bacteria

Presence, growth, proliferation, spread or any activity of "fungus", wet or dry rot or bacteria.

But if "fungus", wet or dry rot or bacteria result in a "specified cause of loss", we will pay for the loss or damage caused by that "specified cause of loss".

This exclusion does not apply:

- (1) When "fungus", wet or dry rot or bacteria result from fire or lightning; or
- (2) To the extent that coverage is provided in the Additional Coverage, Limited Coverage For "Fungus", Wet Rot, Dry Rot And Bacteria, with respect to loss or damage by a cause of loss other than fire or lightning.

Exclusions B.1.a. through B.1.h. apply whether or not the loss event results in widespread damage or affects a substantial area.

2. We will not pay for loss or damage caused by or resulting from any of the following:

- a. Artificially generated electrical, magnetic or electromagnetic energy that damages, disturbs, disrupts or otherwise interferes with any:

- (1) Electrical or electronic wire, device, appliance, system or network; or
- (2) Device, appliance, system or network utilizing cellular or satellite technology.

For the purpose of this exclusion, electrical, magnetic or electromagnetic energy includes but is not limited to:

- (a) Electrical current, including arcing;
- (b) Electrical charge produced or conducted by a magnetic or electromagnetic field;
- (c) Pulse of electromagnetic energy; or
- (d) Electromagnetic waves or microwaves.

But if fire results, we will pay for the loss or damage caused by that fire.

- b. Delay, loss of use or loss of market.
- c. Smoke, vapor or gas from agricultural smudging or industrial operations.
- d.(1) Wear and tear;
- (2) Rust or other corrosion, decay, deterioration, hidden or latent defect or any quality in property that causes it to damage or destroy itself;
- (3) Smog;
- (4) Settling, cracking, shrinking or expansion;

- (5) Nesting or infestation, or discharge or release of waste products or secretions, by insects, birds, rodents or other animals.

- (6) Mechanical breakdown, including rupture or bursting caused by centrifugal force. But if mechanical breakdown results in elevator collision, we will pay for the loss or damage caused by that elevator collision.

- (7) The following causes of loss to personal property:

- (a) Dampness or dryness of atmosphere;
- (b) Changes in or extremes of temperature; or
- (c) Marring or scratching.

But if an excluded cause of loss that is listed in 2.d.(1) through (7) results in a "specified cause of loss" or building glass breakage, we will pay for the loss or damage caused by that "specified cause of loss" or building glass breakage.

- e. Explosion of steam boilers, steam pipes, steam engines or steam turbines owned or leased by you, or operated under your control. But if explosion of steam boilers, steam pipes, steam engines or steam turbines results in fire or combustion explosion, we will pay for the loss or damage caused by that fire or combustion explosion. We will also pay for loss or damage caused by or resulting from the explosion of gases or fuel within the furnace of any fired vessel or within the flues or passages through which the gases of combustion pass.
- f. Continuous or repeated seepage or leakage of water, or the presence or condensation of humidity, moisture or vapor, that occurs over a period of 14 days or more.
- g. Water, other liquids, powder or molten material that leaks or flows from plumbing, heating, air conditioning or other equipment (except fire protective systems) caused by or resulting from freezing, unless:
 - (1) You do your best to maintain heat in the building or structure; or

(2) You drain the equipment and shut off the supply if the heat is not maintained.

- h. Dishonest or criminal act (including theft) by you, any of your partners, members, officers, managers, employees (including temporary employees and leased workers), directors, trustees or authorized representatives, whether acting alone or in collusion with each other or with any other party; or theft by any person to whom you entrust the property for any purpose, whether acting alone or in collusion with any other party.

This exclusion:

- (1) Applies whether or not an act occurs during your normal hours of operation;
- (2) Does not apply to acts of destruction by your employees (including temporary employees and leased workers) or authorized representatives; but theft by your employees (including temporary employees and leased workers) or authorized representatives is not covered.

- i. Voluntary parting with any property by you or anyone else to whom you have entrusted the property if induced to do so by any fraudulent scheme, trick, device or false pretense.

- j. Rain, snow, ice or sleet to personal property in the open.

- k. Collapse, including any of the following conditions of property or any part of the property:

- (1) An abrupt falling down or caving in;
- (2) Loss of structural integrity, including separation of parts of the property or property in danger of falling down or caving in; or
- (3) Any cracking, bulging, sagging, bending, leaning, settling, shrinkage or expansion as such condition relates to (1) or (2) above.

But if collapse results in a Covered Cause of Loss at the described premises, we will pay for the loss or damage caused by that Covered Cause of Loss.

This exclusion, k., does not apply:

- (a) To the extent that coverage is provided under the Additional Coverage, Collapse; or

(b) To collapse caused by one or more of the following:

- (i) The "specified causes of loss";
- (ii) Breakage of building glass;
- (iii) Weight of rain that collects on a roof; or
- (iv) Weight of people or personal property.

- l. Discharge, dispersal, seepage, migration, release or escape of "pollutants" unless the discharge, dispersal, seepage, migration, release or escape is itself caused by any of the "specified causes of loss". But if the discharge, dispersal, seepage, migration, release or escape of "pollutants" results in a "specified cause of loss", we will pay for the loss or damage caused by that "specified cause of loss".

This exclusion, l., does not apply to damage to glass caused by chemicals applied to the glass.

- m. Neglect of an insured to use all reasonable means to save and preserve property from further damage at and after the time of loss.

3. We will not pay for loss or damage caused by or resulting from any of the following, 3.a. through 3.c. But if an excluded cause of loss that is listed in 3.a. through 3.c. results in a Covered Cause of Loss, we will pay for the loss or damage caused by that Covered Cause of Loss.

- a. Weather conditions. But this exclusion only applies if weather conditions contribute in any way with a cause or event excluded in Paragraph 1. above to produce the loss or damage.

- b. Acts or decisions, including the failure to act or decide, of any person, group, organization or governmental body.

- c. Faulty, inadequate or defective:

- (1) Planning, zoning, development, surveying, siting;
- (2) Design, specifications, workmanship, repair, construction, renovation, remodeling, grading, compaction;
- (3) Materials used in repair, construction, renovation or remodeling; or
- (4) Maintenance;

of part or all of any property on or off the described premises.

4. Special Exclusions

The following provisions apply only to the specified Coverage Forms:

a. Business Income (And Extra Expense) Coverage Form, Business Income (Without Extra Expense) Coverage Form, Or Extra Expense Coverage Form

We will not pay for:

- (1) Any loss caused by or resulting from:
 - (a) Damage or destruction of "finished stock"; or
 - (b) The time required to reproduce "finished stock".

This exclusion does not apply to Extra Expense.

- (2) Any loss caused by or resulting from direct physical loss or damage to radio or television antennas (including satellite dishes) and their lead-in wiring, masts or towers.

- (3) Any increase of loss caused by or resulting from:

- (a) Delay in rebuilding, repairing or replacing the property or resuming "operations", due to interference at the location of the rebuilding, repair or replacement by strikers or other persons; or

- (b) Suspension, lapse or cancellation of any license, lease or contract. But if the suspension, lapse or cancellation is directly caused by the "suspension" of "operations", we will cover such loss that affects your Business Income during the "period of restoration" and any extension of the "period of restoration" in accordance with the terms of the Extended Business Income Additional Coverage and the Extended Period Of Indemnity Optional Coverage or any variation of these.

- (4) Any Extra Expense caused by or resulting from suspension, lapse or cancellation of any license, lease or contract beyond the "period of restoration".

- (5) Any other consequential loss.

b. Leasehold Interest Coverage Form

- (1) Paragraph B.1.a., Ordinance Or Law, does not apply to insurance under this Coverage Form.

- (2) We will not pay for any loss caused by:

- (a) Your cancelling the lease;
- (b) The suspension, lapse or cancellation of any license; or
- (c) Any other consequential loss.

c. Legal Liability Coverage Form

- (1) The following exclusions do not apply to insurance under this Coverage Form:

- (a) Paragraph B.1.a. Ordinance Or Law;
- (b) Paragraph B.1.c. Governmental Action;
- (c) Paragraph B.1.d. Nuclear Hazard;
- (d) Paragraph B.1.e. Utility Services; and
- (e) Paragraph B.1.f. War And Military Action.

- (2) The following additional exclusions apply to insurance under this Coverage Form:

(a) Contractual Liability

We will not defend any claim or "suit", or pay damages that you are legally liable to pay, solely by reason of your assumption of liability in a contract or agreement. But this exclusion does not apply to a written lease agreement in which you have assumed liability for building damage resulting from an actual or attempted burglary or robbery, provided that:

- (i) Your assumption of liability was executed prior to the accident; and
- (ii) The building is Covered Property under this Coverage Form.

(b) Nuclear Hazard

We will not defend any claim or "suit", or pay any damages, loss, expense or obligation, resulting from nuclear reaction or radiation, or radioactive contamination, however caused.

5. Additional Exclusion

The following provisions apply only to the specified property:

Loss Or Damage To Products

We will not pay for loss or damage to any merchandise, goods or other product caused by or resulting from error or omission by any person or entity (including those having possession under an arrangement where work or a portion of the work is outsourced) in any stage of the development, production or use of the product, including planning, testing, processing, packaging, installation, maintenance or repair. This exclusion applies to any effect that compromises the form, substance or quality of the product. But if such error or omission results in a Covered Cause of Loss, we will pay for the loss or damage caused by that Covered Cause of Loss.

C. Limitations

The following limitations apply to all policy forms and endorsements, unless otherwise stated:

1. We will not pay for loss of or damage to property, as described and limited in this section. In addition, we will not pay for any loss that is a consequence of loss or damage as described and limited in this section.
 - a. Steam boilers, steam pipes, steam engines or steam turbines caused by or resulting from any condition or event inside such equipment. But we will pay for loss of or damage to such equipment caused by or resulting from an explosion of gases or fuel within the furnace of any fired vessel or within the flues or passages through which the gases of combustion pass.
 - b. Hot water boilers or other water heating equipment caused by or resulting from any condition or event inside such boilers or equipment, other than an explosion.
 - c. The interior of any building or structure, or to personal property in the building or structure, caused by or resulting from rain, snow, sleet, ice, sand or dust, whether driven by wind or not, unless:
 - (1) The building or structure first sustains damage by a Covered Cause of Loss to its roof or walls through which the rain, snow, sleet, ice, sand or dust enters; or
 - (2) The loss or damage is caused by or results from thawing of snow, sleet or ice on the building or structure.
- d. Building materials and supplies not attached as part of the building or structure, caused by or resulting from theft.

However, this limitation does not apply to:

 - (1) Building materials and supplies held for sale by you, unless they are insured under the Builders Risk Coverage Form; or
 - (2) Business Income Coverage or Extra Expense Coverage.
- e. Property that is missing, where the only evidence of the loss or damage is a shortage disclosed on taking inventory, or other instances where there is no physical evidence to show what happened to the property.
- f. Property that has been transferred to a person or to a place outside the described premises on the basis of unauthorized instructions.
- g. Lawns, trees, shrubs or plants which are part of a vegetated roof, caused by or resulting from:
 - (1) Dampness or dryness of atmosphere or of soil supporting the vegetation;
 - (2) Changes in or extremes of temperature;
 - (3) Disease;
 - (4) Frost or hail; or
 - (5) Rain, snow, ice or sleet.
2. We will not pay for loss of or damage to the following types of property unless caused by the "specified causes of loss" or building glass breakage:
 - a. Animals, and then only if they are killed or their destruction is made necessary.
 - b. Fragile articles such as statuary, marbles, chinaware and porcelains, if broken. This restriction does not apply to:
 - (1) Glass; or
 - (2) Containers of property held for sale.
 - c. Builders' machinery, tools and equipment owned by you or entrusted to you, provided such property is Covered Property.

However, this limitation does not apply:

 - (1) If the property is located on or within 100 feet of the described premises, unless the premises is insured under the Builders Risk Coverage Form; or
 - (2) To Business Income Coverage or to Extra Expense Coverage.

3. The special limit shown for each category, a. through d., is the total limit for loss of or damage to all property in that category. The special limit applies to any one occurrence of theft, regardless of the types or number of articles that are lost or damaged in that occurrence. The special limits are (unless a higher limit is shown in the Declarations):

- a. \$2,500 for furs, fur garments and garments trimmed with fur.
- b. \$2,500 for jewelry, watches, watch movements, jewels, pearls, precious and semiprecious stones, bullion, gold, silver, platinum and other precious alloys or metals. This limit does not apply to jewelry and watches worth \$100 or less per item.
- c. \$2,500 for patterns, dies, molds and forms.
- d. \$250 for stamps, tickets, including lottery tickets held for sale, and letters of credit.

These special limits are part of, not in addition to, the Limit of Insurance applicable to the Covered Property.

This limitation, C.3., does not apply to Business Income Coverage or to Extra Expense Coverage.

4. We will not pay the cost to repair any defect to a system or appliance from which water, other liquid, powder or molten material escapes. But we will pay the cost to repair or replace damaged parts of fire-extinguishing equipment if the damage:

- a. Results in discharge of any substance from an automatic fire protection system; or
- b. Is directly caused by freezing.

However, this limitation does not apply to Business Income Coverage or to Extra Expense Coverage.

D. Additional Coverage – Collapse

The coverage provided under this Additional Coverage, Collapse, applies only to an abrupt collapse as described and limited in D.1. through D.7.

1. For the purpose of this Additional Coverage, Collapse, abrupt collapse means an abrupt falling down or caving in of a building or any part of a building with the result that the building or part of the building cannot be occupied for its intended purpose.

2. We will pay for direct physical loss or damage to Covered Property, caused by abrupt collapse of a building or any part of a building that is insured under this Coverage Form or that contains Covered Property insured under this Coverage Form, if such collapse is caused by one or more of the following:

- a. Building decay that is hidden from view, unless the presence of such decay is known to an insured prior to collapse;
- b. Insect or vermin damage that is hidden from view, unless the presence of such damage is known to an insured prior to collapse;
- c. Use of defective material or methods in construction, remodeling or renovation if the abrupt collapse occurs during the course of the construction, remodeling or renovation.
- d. Use of defective material or methods in construction, remodeling or renovation if the abrupt collapse occurs after the construction, remodeling or renovation is complete, but only if the collapse is caused in part by:

- (1) A cause of loss listed in 2.a. or 2.b.;
- (2) One or more of the "specified causes of loss";
- (3) Breakage of building glass;
- (4) Weight of people or personal property; or
- (5) Weight of rain that collects on a roof.

3. This Additional Coverage – Collapse does not apply to:

- a. A building or any part of a building that is in danger of falling down or caving in;
- b. A part of a building that is standing, even if it has separated from another part of the building; or
- c. A building that is standing or any part of a building that is standing, even if it shows evidence of cracking, bulging, sagging, bending, leaning, settling, shrinkage or expansion.

4. With respect to the following property:

- a. Outdoor radio or television antennas (including satellite dishes) and their lead-in wiring, masts or towers;

- b. Awnings, gutters and downspouts;
- c. Yard fixtures;
- d. Outdoor swimming pools;
- e. Fences;
- f. Piers, wharves and docks;
- g. Beach or diving platforms or appurtenances;
- h. Retaining walls; and
- i. Walks, roadways and other paved surfaces;

if an abrupt collapse is caused by a cause of loss listed in 2.a. through 2.d., we will pay for loss or damage to that property only if:

- (1) Such loss or damage is a direct result of the abrupt collapse of a building insured under this Coverage Form; and
 - (2) The property is Covered Property under this Coverage Form.
5. If personal property abruptly falls down or caves in and such collapse is not the result of abrupt collapse of a building, we will pay for loss or damage to Covered Property caused by such collapse of personal property only if:
- a. The collapse of personal property was caused by a cause of loss listed in 2.a. through 2.d.;
 - b. The personal property which collapses is inside a building; and
 - c. The property which collapses is not of a kind listed in 4., regardless of whether that kind of property is considered to be personal property or real property.

The coverage stated in this Paragraph 5. does not apply to personal property if marring and/or scratching is the only damage to that personal property caused by the collapse.

- 6. This Additional Coverage, Collapse, does not apply to personal property that has not abruptly fallen down or caved in, even if the personal property shows evidence of cracking, bulging, sagging, bending, leaning, settling, shrinkage or expansion.
- 7. This Additional Coverage, Collapse, will not increase the Limits of Insurance provided in this Coverage Part.
- 8. The term Covered Cause of Loss includes the Additional Coverage, Collapse, as described and limited in D.1. through D.7.

E. Additional Coverage – Limited Coverage For "Fungus", Wet Rot, Dry Rot And Bacteria

- 1. The coverage described in E.2. and E.6. only applies when the "fungus", wet or dry rot or bacteria are the result of one or more of the following causes that occur during the policy period and only if all reasonable means were used to save and preserve the property from further damage at the time of and after that occurrence:

- a. A "specified cause of loss" other than fire or lightning; or
- b. Flood, if the Flood Coverage Endorsement applies to the affected premises.

This Additional Coverage does not apply to lawns, trees, shrubs or plants which are part of a vegetated roof.

- 2. We will pay for loss or damage by "fungus", wet or dry rot or bacteria. As used in this Limited Coverage, the term loss or damage means:

- a. Direct physical loss or damage to Covered Property caused by "fungus", wet or dry rot or bacteria, including the cost of removal of the "fungus", wet or dry rot or bacteria;
- b. The cost to tear out and replace any part of the building or other property as needed to gain access to the "fungus", wet or dry rot or bacteria; and
- c. The cost of testing performed after removal, repair, replacement or restoration of the damaged property is completed, provided there is a reason to believe that "fungus", wet or dry rot or bacteria are present.

- 3. The coverage described under E.2. of this Limited Coverage is limited to \$15,000. Regardless of the number of claims, this limit is the most we will pay for the total of all loss or damage arising out of all occurrences of "specified causes of loss" (other than fire or lightning) and Flood which take place in a 12-month period (starting with the beginning of the present annual policy period). With respect to a particular occurrence of loss which results in "fungus", wet or dry rot or bacteria, we will not pay more than a total of \$15,000 even if the "fungus", wet or dry rot or bacteria continue to be present or active, or recur, in a later policy period.

4. The coverage provided under this Limited Coverage does not increase the applicable Limit of Insurance on any Covered Property. If a particular occurrence results in loss or damage by "fungus", wet or dry rot or bacteria, and other loss or damage, we will not pay more, for the total of all loss or damage, than the applicable Limit of Insurance on the affected Covered Property.

If there is covered loss or damage to Covered Property, not caused by "fungus", wet or dry rot or bacteria, loss payment will not be limited by the terms of this Limited Coverage, except to the extent that "fungus", wet or dry rot or bacteria cause an increase in the loss. Any such increase in the loss will be subject to the terms of this Limited Coverage.

5. The terms of this Limited Coverage do not increase or reduce the coverage provided under Paragraph F.2. (Water Damage, Other Liquids, Powder Or Molten Material Damage) of this Causes Of Loss form or under the Additional Coverage, Collapse.

6. The following, 6.a. or 6.b., applies only if Business Income and/or Extra Expense Coverage applies to the described premises and only if the "suspension" of "operations" satisfies all terms and conditions of the applicable Business Income and/or Extra Expense Coverage Form:

- a. If the loss which resulted in "fungus", wet or dry rot or bacteria does not in itself necessitate a "suspension" of "operations", but such "suspension" is necessary due to loss or damage to property caused by "fungus", wet or dry rot or bacteria, then our payment under Business Income and/or Extra Expense is limited to the amount of loss and/or expense sustained in a period of not more than 30 days. The days need not be consecutive.
- b. If a covered "suspension" of "operations" was caused by loss or damage other than "fungus", wet or dry rot or bacteria but remediation of "fungus", wet or dry rot or bacteria prolongs the "period of restoration", we will pay for loss and/or expense sustained during the delay (regardless of when such a delay occurs during the "period of restoration"), but such coverage is limited to 30 days. The days need not be consecutive.

F. Additional Coverage Extensions

1. Property In Transit

This Extension applies only to your personal property to which this form applies.

- a. You may extend the insurance provided by this Coverage Part to apply to your personal property (other than property in the care, custody or control of your salespersons) in transit more than 100 feet from the described premises. Property must be in or on a motor vehicle you own, lease or operate while between points in the coverage territory.

- b. Loss or damage must be caused by or result from one of the following causes of loss:

- (1) Fire, lightning, explosion, windstorm or hail, riot or civil commotion, or vandalism.
- (2) Vehicle collision, upset or overturn. Collision means accidental contact of your vehicle with another vehicle or object. It does not mean your vehicle's contact with the roadbed.
- (3) Theft of an entire bale, case or package by forced entry into a securely locked body or compartment of the vehicle. There must be visible marks of the forced entry.

- c. The most we will pay for loss or damage under this Extension is \$5,000.

This Coverage Extension is additional insurance. The Additional Condition, Coinsurance, does not apply to this Extension.

2. Water Damage, Other Liquids, Powder Or Molten Material Damage

If loss or damage caused by or resulting from covered water or other liquid, powder or molten material damage loss occurs, we will also pay the cost to tear out and replace any part of the building or structure to repair damage to the system or appliance from which the water or other substance escapes. This Coverage Extension does not increase the Limit of Insurance.

3. Glass

- a. We will pay for expenses incurred to put up temporary plates or board up openings if repair or replacement of damaged glass is delayed.

- b. We will pay for expenses incurred to remove or replace obstructions when repairing or replacing glass that is part of a building. This does not include removing or replacing window displays.

This Coverage Extension F.3. does not increase the Limit of Insurance.

G. Definitions

1. "Fungus" means any type or form of fungus, including mold or mildew, and any mycotoxins, spores, scents or by-products produced or released by fungi.
2. "Specified causes of loss" means the following: fire; lightning; explosion; windstorm or hail; smoke; aircraft or vehicles; riot or civil commotion; vandalism; leakage from fire-extinguishing equipment; sinkhole collapse; volcanic action; falling objects; weight of snow, ice or sleet; water damage.
 - a. Sinkhole collapse means the sudden sinking or collapse of land into underground empty spaces created by the action of water on limestone or dolomite. This cause of loss does not include:
 - (1) The cost of filling sinkholes; or
 - (2) Sinking or collapse of land into man-made underground cavities.
 - b. Falling objects does not include loss or damage to:
 - (1) Personal property in the open; or
 - (2) The interior of a building or structure, or property inside a building or structure, unless the roof or an outside wall of the building or structure is first damaged by a falling object.

c. Water damage means:

- (1) Accidental discharge or leakage of water or steam as the direct result of the breaking apart or cracking of a plumbing, heating, air conditioning or other system or appliance (other than a sump system including its related equipment and parts), that is located on the described premises and contains water or steam; and
- (2) Accidental discharge or leakage of water or waterborne material as the direct result of the breaking apart or cracking of a water or sewer pipe that is located off the described premises and is part of a municipal potable water supply system or municipal sanitary sewer system, if the breakage or cracking is caused by wear and tear.

But water damage does not include loss or damage otherwise excluded under the terms of the Water Exclusion. Therefore, for example, there is no coverage under this policy in the situation in which discharge or leakage of water results from the breaking apart or cracking of a pipe which was caused by or related to weather-induced flooding, even if wear and tear contributed to the breakage or cracking. As another example, and also in accordance with the terms of the Water Exclusion, there is no coverage for loss or damage caused by or related to weather-induced flooding which follows or is exacerbated by pipe breakage or cracking attributable to wear and tear.

To the extent that accidental discharge or leakage of water falls within the criteria set forth in c.(1) or c.(2) of this definition of "specified causes of loss," such water is not subject to the provisions of the Water Exclusion which preclude coverage for surface water or water under the surface of the ground.

COMMERCIAL PROPERTY

COMMERCIAL PROPERTY CONDITIONS

This Coverage Part is subject to the following conditions, the Common Policy Conditions and applicable Loss Conditions and Additional Conditions in Commercial Property Coverage Forms.

A. CONCEALMENT, MISREPRESENTATION OR FRAUD

This Coverage Part is void in any case of fraud by you as it relates to this Coverage Part at any time. It is also void if you or any other insured, at any time, intentionally conceal or misrepresent a material fact concerning:

1. This Coverage Part;
2. The Covered Property;
3. Your interest in the Covered Property; or
4. A claim under this Coverage Part.

B. CONTROL OF PROPERTY

Any act or neglect of any person other than you beyond your direction or control will not affect this insurance.

The breach of any condition of this Coverage Part at any one or more locations will not affect coverage at any location where, at the time of loss or damage, the breach of condition does not exist.

C. INSURANCE UNDER TWO OR MORE COVERAGES

If two or more of this policy's coverages apply to the same loss or damage, we will not pay more than the actual amount of the loss or damage.

D. LEGAL ACTION AGAINST US

No one may bring a legal action against us under this Coverage Part unless:

1. There has been full compliance with all of the terms of this Coverage Part; and
2. The action is brought within 2 years after the date on which the direct physical loss or damage occurred.

E. LIBERALIZATION

If we adopt any revision that would broaden the coverage under this Coverage Part without additional premium within 45 days prior to or during the policy period, the broadened coverage will immediately apply to this Coverage Part.

F. NO BENEFIT TO BAILEE

No person or organization, other than you, having custody of Covered Property will benefit from this insurance.

G. OTHER INSURANCE

1. You may have other insurance subject to the same plan, terms, conditions and provisions as the insurance under this Coverage Part. If you do, we will pay our share of the covered loss or damage. Our share is the proportion that the applicable Limit of Insurance under this Coverage Part bears to the Limits of Insurance of all insurance covering on the same basis.

2. If there is other insurance covering the same loss or damage, other than that described in 1. above, we will pay only for the amount of covered loss or damage in excess of the amount due from that other insurance, whether you can collect on it or not. But we will not pay more than the applicable Limit of Insurance.

H. POLICY PERIOD, COVERAGE TERRITORY

Under this Coverage Part:

1. We cover loss or damage commencing:
 - a. During the policy period shown in the Declarations; and
 - b. Within the coverage territory.
2. The coverage territory is:
 - a. The United States of America (including its territories and possessions);
 - b. Puerto Rico; and
 - c. Canada.

**I. TRANSFER OF RIGHTS OF RECOVERY
AGAINST OTHERS TO US**

If any person or organization to or for whom we make payment under this Coverage Part has rights to recover damages from another, those rights are transferred to us to the extent of our payment. That person or organization must do everything necessary to secure our rights and must do nothing after loss to impair them. But you may waive your rights against another party in writing:

1. Prior to a loss to your Covered Property or Covered Income.
2. After a loss to your Covered Property or Covered Income only if, at time of loss, that party is one of the following:
 - a. Someone insured by this insurance;
 - b. A business firm:
 - (1) Owned or controlled by you; or
 - (2) That owns or controls you; or
 - c. Your tenant.

This will not restrict your insurance.

COMMERCIAL PROPERTY
CP 01 40 07 06

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

EXCLUSION OF LOSS DUE TO VIRUS OR BACTERIA

This endorsement modifies insurance provided under the following:

**COMMERCIAL PROPERTY COVERAGE PART
STANDARD PROPERTY POLICY**

- A. The exclusion set forth in Paragraph B. applies to all coverage under all forms and endorsements that comprise this Coverage Part or Policy, including but not limited to forms or endorsements that cover property damage to buildings or personal property and forms or endorsements that cover business income, extra expense or action of civil authority.
- B. We will not pay for loss or damage caused by or resulting from any virus, bacterium or other micro-organism that induces or is capable of inducing physical distress, illness or disease.
However, this exclusion does not apply to loss or damage caused by or resulting from "fungus", wet rot or dry rot. Such loss or damage is addressed in a separate exclusion in this Coverage Part or Policy.
- C. With respect to any loss or damage subject to the exclusion in Paragraph B., such exclusion supersedes any exclusion relating to "pollutants".
- D. The following provisions in this Coverage Part or Policy are hereby amended to remove reference to bacteria:
 - 1. Exclusion of "Fungus", Wet Rot, Dry Rot And Bacteria; and
 - 2. Additional Coverage – Limited Coverage for "Fungus", Wet Rot, Dry Rot And Bacteria, including any endorsement increasing the scope or amount of coverage.
- E. The terms of the exclusion in Paragraph B., or the inapplicability of this exclusion to a particular loss, do not serve to create coverage for any loss that would otherwise be excluded under this Coverage Part or Policy.

POLICY NUMBER: CPP5514199-00

COMMERCIAL PROPERTY
CP 04 05 10 12**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.****ORDINANCE OR LAW COVERAGE**

This endorsement modifies insurance provided under the following:

BUILDING AND PERSONAL PROPERTY COVERAGE FORM
CONDOMINIUM ASSOCIATION COVERAGE FORM
STANDARD PROPERTY POLICY**SCHEDULE**

Building Number/ Premises Number	Coverage A	Coverage B Limit Of Insurance	Coverage C Limit Of Insurance	Coverage B And C Combined Limit Of Insurance
1 / 1	<input checked="" type="checkbox"/>	\$	\$	\$ 10% of building value *
/	<input type="checkbox"/>	\$	\$	\$ *
/	<input type="checkbox"/>	\$	\$	\$ *

Information required to complete this Schedule, if not shown above, will be shown in the Declarations.

*Do not enter a Blanket Limit of Insurance if individual Limits of Insurance are selected for Coverages B and C, or if one of these Coverages is not applicable.

A. Each Coverage – Coverage A, Coverage B and Coverage C – is provided under this endorsement only if that Coverage(s) is chosen by entry in the above Schedule and then only with respect to the building identified for that Coverage(s) in the Schedule.

B. Application Of Coverage(s)

The Coverage(s) provided by this endorsement applies only if both B.1. and B.2. are satisfied and are then subject to the qualifications set forth in B.3.

1. The ordinance or law:

a. Regulates the demolition, construction or repair of buildings, or establishes zoning or land use requirements at the described premises; and

b. Is in force at the time of loss.

But coverage under this endorsement applies only in response to the minimum requirements of the ordinance or law. Losses and costs incurred in complying with recommended actions or standards that exceed actual requirements are not covered under this endorsement.

2.a. The building sustains direct physical damage that is covered under this policy and as a result of such damage, you are required to comply with the ordinance or law; or

b. The building sustains both direct physical damage that is covered under this policy and direct physical damage that is not covered under this policy, and as a result of the building damage in its entirety, you are required to comply with the ordinance or law.

c. But if the building sustains direct physical damage that is not covered under this policy, and such damage is the subject of the ordinance or law, then there is no coverage under this endorsement even if the building has also sustained covered direct physical damage.

3. In the situation described in B.2.b. above, we will not pay the full amount of loss otherwise payable under the terms of Coverages A, B, and/or C of this endorsement. Instead, we will pay a proportion of such loss, meaning the proportion that the covered direct physical damage bears to the total direct physical damage.

(Section H. of this endorsement provides an example of this procedure.)

However, if the covered direct physical damage, alone, would have resulted in a requirement to comply with the ordinance or law, then we will pay the full amount of loss otherwise payable under the terms of Coverages A, B and/or C of this endorsement.

C. We will not pay under Coverage A, B or C of this endorsement for:

1. Enforcement of or compliance with any ordinance or law which requires the demolition, repair, replacement, reconstruction, remodeling or remediation of property due to contamination by "pollutants" or due to the presence, growth, proliferation, spread or any activity of "fungus", wet or dry rot or bacteria; or
2. The costs associated with the enforcement of or compliance with any ordinance or law which requires any insured or others to test for, monitor, clean up, remove, contain, treat, detoxify or neutralize, or in any way respond to, or assess the effects of "pollutants", "fungus", wet or dry rot or bacteria.

D. Coverage

1. Coverage A – Coverage For Loss To The Undamaged Portion Of The Building

With respect to the building that has sustained covered direct physical damage, we will pay under Coverage A for the loss in value of the undamaged portion of the building as a consequence of a requirement to comply with an ordinance or law that requires demolition of undamaged parts of the same building.

Coverage A is included within the Limit Of Insurance shown in the Declarations as applicable to the covered building. Coverage A does not increase the Limit of Insurance.

2. Coverage B – Demolition Cost Coverage

With respect to the building that has sustained covered direct physical damage, we will pay the cost to demolish and clear the site of undamaged parts of the same building as a consequence of a requirement to comply with an ordinance or law that requires demolition of such undamaged property.

The Coinsurance Additional Condition does not apply to Demolition Cost Coverage.

3. Coverage C – Increased Cost Of Construction Coverage

- a. With respect to the building that has sustained covered direct physical damage, we will pay the increased cost to:

- (1) Repair or reconstruct damaged portions of that building; and/or
- (2) Reconstruct or remodel undamaged portions of that building, whether or not demolition is required;

when the increased cost is a consequence of a requirement to comply with the minimum standards of the ordinance or law.

However:

- (1) This coverage applies only if the restored or remodeled property is intended for similar occupancy as the current property, unless such occupancy is not permitted by zoning or land use ordinance or law.
- (2) We will not pay for the increased cost of construction if the building is not repaired, reconstructed or remodeled.

The Coinsurance Additional Condition does not apply to Increased Cost of Construction Coverage.

- b. When a building is damaged or destroyed and Coverage C applies to that building in accordance with 3.a. above, coverage for the increased cost of construction also applies to repair or reconstruction of the following, subject to the same conditions stated in 3.a.:

- (1) The cost of excavations, grading, backfilling and filling;

- (2) Foundation of the building;
- (3) Pilings; and
- (4) Underground pipes, flues and drains.

The items listed in b.(1) through b.(4) above are deleted from Property Not Covered, but only with respect to the coverage described in this provision, 3.b.

E. Loss Payment

- 1. All following loss payment provisions, E.2. through E.5., are subject to the apportionment procedures set forth in Section B.3. of this endorsement.

- 2. When there is a loss in value of an undamaged portion of a building to which Coverage A applies, the loss payment for that building, including damaged and undamaged portions, will be determined as follows:

- a. If the Replacement Cost Coverage Option applies and the property is being repaired or replaced, on the same or another premises, we will not pay more than the lesser of:

- (1) The amount you would actually spend to repair, rebuild or reconstruct the building, but not for more than the amount it would cost to restore the building on the same premises and to the same height, floor area, style and comparable quality of the original property insured; or

- (2) The Limit Of Insurance shown in the Declarations as applicable to the covered building.

- b. If the Replacement Cost Coverage Option applies and the property is not repaired or replaced, or if the Replacement Cost Coverage Option does not apply, we will not pay more than the lesser of:

- (1) The actual cash value of the building at the time of loss; or

- (2) The Limit Of Insurance shown in the Declarations as applicable to the covered building.

- 3. Unless Paragraph E.5. applies, loss payment under Coverage B – Demolition Cost Coverage will be determined as follows:

We will not pay more than the lesser of the following:

- a. The amount you actually spend to demolish and clear the site of the described premises; or

- b. The applicable Limit Of Insurance shown for Coverage B in the Schedule above.

- 4. Unless Paragraph E.5. applies, loss payment under Coverage C – Increased Cost Of Construction Coverage will be determined as follows:

- a. We will not pay under Coverage C:

- (1) Until the property is actually repaired or replaced, at the same or another premises; and

- (2) Unless the repair or replacement is made as soon as reasonably possible after the loss or damage, not to exceed two years. We may extend this period in writing during the two years.

- b. If the building is repaired or replaced at the same premises, or if you elect to rebuild at another premises, the most we will pay under Coverage C is the lesser of:

- (1) The increased cost of construction at the same premises; or

- (2) The applicable Limit Of Insurance shown for Coverage C in the Schedule above.

- c. If the ordinance or law requires relocation to another premises, the most we will pay under Coverage C is the lesser of:

- (1) The increased cost of construction at the new premises; or

- (2) The applicable Limit Of Insurance shown for Coverage C in the Schedule above.

- 5. If a Combined Limit Of Insurance is shown for Coverages B and C in the Schedule above, Paragraphs E.3. and E.4. of this endorsement do not apply with respect to the building that is subject to the Combined Limit, and the following loss payment provisions apply instead:

The most we will pay, for the total of all covered losses for Demolition Cost and Increased Cost of Construction, is the Combined Limit Of Insurance shown for Coverages B and C in the Schedule above. Subject to this Combined Limit of Insurance, the following loss payment provisions apply:

- a. For Demolition Cost, we will not pay more than the amount you actually spend to demolish and clear the site of the described premises.

b. With respect to the Increased Cost of Construction:

(1) We will not pay for the increased cost of construction:

- (a)** Until the property is actually repaired or replaced, at the same or another premises; and
- (b)** Unless the repair or replacement is made as soon as reasonably possible after the loss or damage, not to exceed two years. We may extend this period in writing during the two years.

(2) If the building is repaired or replaced at the same premises, or if you elect to rebuild at another premises, the most we will pay for the increased cost of construction is the increased cost of construction at the same premises.

(3) If the ordinance or law requires relocation to another premises, the most we will pay for the increased cost of construction is the increased cost of construction at the new premises.

F. The terms of this endorsement apply separately to each building to which this endorsement applies.

G. Under this endorsement we will not pay for loss due to any ordinance or law that:

- 1.** You were required to comply with before the loss, even if the building was undamaged; and
- 2.** You failed to comply with.

H. Example of proportionate loss payment for Ordinance Or Law Coverage Losses (procedure as set forth in Section B.3. of this endorsement).

Assume:

- Wind is a Covered Cause of Loss; Flood is an excluded Cause of Loss
- The building has a value of \$200,000
- Total direct physical damage to building: \$100,000
- The ordinance or law in this jurisdiction is enforced when building damage equals or exceeds 50% of the building's value
- Portion of direct physical damage that is covered (caused by wind): \$30,000
- Portion of direct physical damage that is not covered (caused by flood): \$70,000
- Loss under Ordinance Or Law Coverage C of this endorsement: \$60,000

Step 1: Determine the proportion that the covered direct physical damage bears to the total direct physical damage.

$$\$30,000 \div \$100,000 = .30$$

Step 2: Apply that proportion to the Ordinance or Law loss.

$$\$60,000 \times .30 = \$18,000$$

In this example, the most we will pay under this endorsement for the Coverage C loss is \$18,000, subject to the applicable Limit of Insurance and any other applicable provisions.

Note: The same procedure applies to losses under Coverages A and B of this endorsement.

I. The following definition is added:

"Fungus" means any type or form of fungus, including mold or mildew, and any mycotoxins, spores, scents or by-products produced or released by fungi.

POLICY NUMBER: CPP5514199-00

COMMERCIAL PROPERTY
CP 04 11 10 12**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.****PROTECTIVE SAFEGUARDS**

This endorsement modifies insurance provided under the following:

COMMERCIAL PROPERTY COVERAGE PART
STANDARD PROPERTY POLICY**SCHEDULE**

Premises Number	Building Number	Protective Safeguards Symbols Applicable
ALL	ALL	P-1
ALL	ALL	P-2
Describe Any "P-9":		
Information required to complete this Schedule, if not shown above, will be shown in the Declarations.		

A. The following is added to the Commercial Property Conditions:**Protective Safeguards**

1. As a condition of this insurance, you are required to maintain the protective devices or services listed in the Schedule above.
2. The protective safeguards to which this endorsement applies are identified by the following symbols:

"P-1" Automatic Sprinkler System, including related supervisory services.

Automatic Sprinkler System means:

- a. Any automatic fire protective or extinguishing system, including connected:
 - (1) Sprinklers and discharge nozzles;
 - (2) Ducts, pipes, valves and fittings;
 - (3) Tanks, their component parts and supports; and
 - (4) Pumps and private fire protection mains.
- b. When supplied from an automatic fire protective system:
 - (1) Non-automatic fire protective systems; and

(2) Hydrants, standpipes and outlets.

"P-2" Automatic Fire Alarm, protecting the entire building, that is:

- a. Connected to a central station; or
- b. Reporting to a public or private fire alarm station.

"P-3" Security Service, with a recording system or watch clock, making hourly rounds covering the entire building, when the premises are not in actual operation.**"P-4" Service Contract with a privately owned fire department providing fire protection service to the described premises.****"P-5" Automatic Commercial Cooking Exhaust And Extinguishing System installed on cooking appliances and having the following components:**

- a. Hood;
- b. Grease removal device;
- c. Duct system; and
- d. Wet chemical fire extinguishing equipment.

"P-9", the protective system described in the Schedule.

B. The following is added to the Exclusions section of:

Causes Of Loss – Basic Form

Causes Of Loss – Broad Form

Causes Of Loss – Special Form

Mortgageholders Errors And Omissions Coverage Form

Standard Property Policy

We will not pay for loss or damage caused by or resulting from fire if, prior to the fire, you:

1. Knew of any suspension or impairment in any protective safeguard listed in the Schedule above and failed to notify us of that fact; or

2. Failed to maintain any protective safeguard listed in the Schedule above, and over which you had control, in complete working order.

If part of an Automatic Sprinkler System or Automatic Commercial Cooking Exhaust And Extinguishing System is shut off due to breakage, leakage, freezing conditions or opening of sprinkler heads, notification to us will not be necessary if you can restore full protection within 48 hours.

Minimum Earned Premium

Policy No.	Eff. Date of Pol.	Exp. Date of Pol.	Eff. Date of End.	Producer No.	Add'l. Prem	Return Prem.
CPP5514199-00	09/22/2015	09/22/2016	09/22/2015	59546000		

Named Insured / Mailing Address:

Thong Ngo
 NGO LOVE, LLC
 300 S. Frisco Rd.
 Yukon, OK 73009-7286

Producer:

Breckenridge Insurance Services, LLC
 245 TownPark Drive
 Ravine One, Suite 400
 Kennesaw, GA 30144

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

This endorsement modifies insurance provided under the:

Commercial Property Coverage Part

Paragraph 5. of the Cancellation Common Policy Conditions are replaced by the following:

5. If this policy is cancelled, we will send the first Named Insured any premium refund due. If we cancel, the refund will be pro rata. If the first Named Insured cancels, the refund will be calculated according to standard short rate procedures. The cancellation will be effective even if we have not made or offered a refund.

A minimum earned premium of 25% will be charged.

Cancellation requested by a premium finance company, according to terms of the premium finance agreement for nonpayment of premium, shall be considered a voluntary request of the insured for cancellation of this policy.

Occurrence Limit of Liability

Policy No.	Eff. Date of Pol.	Exp. Date of Pol.	Eff. Date of End.	Producer No.	Add'l. Prem	Return Prem.
CPP5514199-00	09/22/2015	09/22/2016	09/22/2015	59546000		

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Producer:

Breckenridge Insurance Services, LLC
 245 TownPark Drive
 Ravine One, Suite 400
 Kennesaw, GA 30144

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

This endorsement modifies insurance provided under the:

Building and Personal Property Coverage Form

This endorsement modifies Insurance provided under this policy:

C. The first paragraph of the Limits of Insurance is replaced by the following:

The premium for this policy is based upon the statement of values attached to this endorsement or, if not attached to this endorsement, to the statement of values on file with us. In the event of loss or damage, we shall not be liable for more than the least of the following amounts for all loss or damage arising out of any one occurrence:

1. the actual amount of loss, as determined under the provisions of this policy, less applicable deductible(s) and/or underlying limit(s);
2. the total stated value, as shown on the statement of values attached to this endorsement or on file with us, for the property covered at the location(s) affected by the loss, less applicable deductible(s) and/or underlying limit(s);
3. the amount of any Sublimit(s) applicable to such loss, as shown on the Schedule of this policy or under any coverage extension or endorsement applicable to the loss; or
4. the Policy Limit, as shown in Schedule of this policy.



Windstorm or Hail Deductible – Separate Dollar DEDUCTIBLE ZURICH®

Policy No.	Eff. Date of Pol.	Exp. Date of Pol.	Eff. Date of End.	Producer No.	Add'l Prem	Return Prem.
CPP5514199-00	09/22/2015	09/22/2016	09/22/2015	59546000		

Named Insured / Mailing Address:

Thong Ngo
NGO LOVE, LLC
300 S. Frisco Rd.
Yukon, OK 73009-7286

Producer:

Breckenridge Insurance Services, LLC
245 TownPark Drive
Ravine One, Suite 400
Kennesaw, GA 30144

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

This endorsement modifies insurance provided under the:

**Building and Personal Property Coverage Form
Builders' Risk Coverage Form
Condominium Commercial Unit-Owners Coverage Form
Tobacco Sales Warehouses Coverage Form
Standard Property Policy**

The following is added to section D. Deductible:

Windstorm or Hail Deductible

If loss or damage to Covered Property is caused by or results from Windstorm or Hail, the deductible stated in the Commercial Property Declarations will apply.

We will not pay for loss or damage to Covered Property until the amount of loss or damage exceeds the selected Deductible, as shown in the Commercial Property Declarations. We will then pay the amount of loss or damage in excess of the deductible, up to the applicable Limit of Insurance shown in the Declarations, after any deduction required by the Coinsurance condition or the Agreed Value Optional Coverage.

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

POLICY CHANGES

Policy Change
Number 1

POLICY NUMBER CPP5514199-00	POLICY CHANGES EFFECTIVE 09/22/2015	COMPANY Steadfast Insurance Company
NAMED INSURED Thong Ngo NGO LOVE, LLC		AUTHORIZED REPRESENTATIVE Breckenridge Insurance Services, LLC
COVERAGE PARTS AFFECTED Commercial Property Coverage Part		
<p style="text-align: center;">CHANGES</p> <p>It is hereby understood and agreed that:</p> <p>1. A. The following is added to the Commercial Property Conditions:</p> <p>As a condition of this insurance, you are required to maintain heat at 50 degrees or above in all sections of the Buildings with all utilities on and operational.</p> <p>B. The following is added to the EXCLUSIONS section of CAUSES OF LOSS – SPECIAL FORM:</p> <p>We will not pay for loss or damage caused by or resulting from a covered cause of loss if you failed to maintain heat at 50 degrees or above in all sections of the Buildings with all utilities on and operational.</p>		



Authorized Representative Signature

IL 01 74 07 05

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**OKLAHOMA CHANGES – APPRAISAL**

This endorsement modifies insurance provided under the following:

CAPITAL ASSETS PROGRAM (OUTPUT POLICY) COVERAGE PART
 COMMERCIAL PROPERTY COVERAGE PART
 FARM COVERAGE PART

- A. Except as provided in B. below, the **Appraisal Condition** is replaced by the following:

APPRAISAL

If we and you disagree on the value of the property or the amount of loss ("loss"), either party may make written demand for an appraisal of the loss. In this event, only the party which demanded the appraisal will be bound by the results of that appraisal.

Each party will select a competent and impartial appraiser and notify the other of the appraiser selected within 20 days after the written demand for an appraisal has been made. The two appraisers will select an umpire. If they cannot agree upon an umpire within 15 days, then, at the request of either you or us, and after notice of hearing to the nonrequesting party by certified mail, selection of the umpire will be made by a judge of a district court in the county where the loss ("loss") occurred. The appraisers will state separately the value of the property and amount of loss ("loss"). If the appraisers submit a written report of agreement to us, the amounts agreed upon will be the value of the property and the amount of loss ("loss") and will be binding on the party which demanded the appraisal. If the appraisers fail to agree, they will submit their differences to the umpire. A decision agreed to by any two will be binding on the party which demanded the appraisal. Each party will:

- a. Pay its chosen appraiser; and
- b. Bear the other expenses of the appraisal and umpire equally.

If there is an appraisal, we will still retain our right to deny the claim.

- B. The **Appraisal Condition** in the:

1. Business Income Coverage Form (And Extra Expense) CP 00 30;

2. Business Income Coverage Form (Without Extra Expense) CP 00 32; and

3. Capital Assets Program Coverage Form (Output Policy), OP 00 01, Paragraph A.7. Business Income And Extra Expense

is replaced by the following:

APPRAISAL

If we and you disagree on the amount of Net Income and operating expense or the amount of loss, either party may make written demand for an appraisal of the loss. In this event, only the party which demanded the appraisal will be bound by the results of that appraisal.

Each party will select a competent and impartial appraiser and notify the other of the appraiser selected within 20 days after the written demand for an appraisal has been made. The two appraisers will select an umpire. If they cannot agree upon an umpire within 15 days, then, at the request of either you or us, and after notice of hearing to the nonrequesting party by certified mail, selection of the umpire will be made by a judge of a district court in the county where the loss occurred. The appraisers will state separately the amount of Net Income and operating expense or amount of loss. If the appraisers submit a written report of agreement to us, the amounts agreed upon will be the value of the property and the amount of loss and will be binding on the party which demanded the appraisal. If the appraisers fail to agree, they will submit their differences to the umpire. A decision agreed to by any two will be binding on the party which demanded the appraisal. Each party will:

- (1) Pay its chosen appraiser; and
- (2) Bear the other expenses of the appraisal and umpire equally.

If there is an appraisal, we will still retain our right to deny the claim.

POLICY NUMBER: CPP5514198-00

INTERLINE
IL 01 77 10 10

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

OKLAHOMA CHANGES – CONCEALMENT, MISREPRESENTATION OR FRAUD

This endorsement modifies insurance provided under the following:

CAPITAL ASSETS PROGRAM (OUTPUT POLICY) COVERAGE PART
COMMERCIAL AUTOMOBILE COVERAGE PART
COMMERCIAL INLAND MARINE COVERAGE PART
COMMERCIAL PROPERTY COVERAGE PART
CRIME AND FIDELITY COVERAGE PART
EQUIPMENT BREAKDOWN COVERAGE PART
FARM COVERAGE PART – FARM PROPERTY – OTHER FARM PROVISIONS FORM – ADDITIONAL
COVERAGES, CONDITIONS, DEFINITIONS
FARM COVERAGE PART – LIVESTOCK COVERAGE FORM
FARM COVERAGE PART – MOBILE AGRICULTURAL MACHINERY AND EQUIPMENT COVERAGE FORM
STANDARD PROPERTY POLICY

A. When this endorsement is attached to the Standard Property Policy CP 00 99, the term Coverage Part in this endorsement is replaced by the term Policy.

B. The Concealment, Misrepresentation Or Fraud condition is replaced by the following:

Except as provided in Paragraphs C. and D., we do not provide coverage in any case of fraud by you as it relates to this Coverage Part at any time. We also do not provide coverage if you or any other insured ("insured"), at any time, intentionally conceal or misrepresent a material fact concerning:

1. This Coverage Part;
2. The Covered Property;
3. Your interest in the Covered Property; or
4. A claim under this Coverage Part.

C. The Concealment, Misrepresentation Or Fraud condition in the Commercial Auto Coverage Part is replaced by the following:

We do not provide coverage in any case of fraud by you at any time as it relates to this Coverage Part. We also do not provide coverage if you or any other "insured", at any time, intentionally conceal or misrepresent a material fact concerning:

1. This Coverage Part;
2. The covered "auto";

3. Your interest in the covered "auto"; or

4. A claim under this Coverage Part.

However, this provision does not apply, but only up to the compulsory or financial responsibility limits required by Oklahoma law, if an "accident" results in a third party liability claim against the "insured" under this Coverage Part.

D. Under the Kidnap/Ransom And Extortion Coverage Form, the Concealment, Misrepresentation Or Fraud condition is replaced by the following:

We do not provide coverage in any case of fraud by you as it relates to this insurance at any time. We also do not provide coverage if you or any other insured, at any time, intentionally conceal or misrepresent a material fact concerning:

1. This insurance;
2. A person insured under this insurance;
3. The "property" covered under this insurance;
4. Your interest in the "property" covered under this insurance; or
5. A claim under this insurance.

IL 01 79 10 02

OKLAHOMA NOTICE

The following statement is added to the policy:

WARNING:

Any person who knowingly, and with intent to injure, defraud or deceive any insurer, makes any claim for the proceeds of an insurance policy, containing any false, incomplete or misleading information, is guilty of a felony.

POLICY NUMBER: CPP5514199-00

IL 02 36 09 07

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

OKLAHOMA CHANGES – CANCELLATION AND NONRENEWAL

This endorsement modifies insurance provided under the following:

CAPITAL ASSETS PROGRAM (OUTPUT POLICY) COVERAGE PART
 COMMERCIAL AUTOMOBILE COVERAGE PART
 COMMERCIAL GENERAL LIABILITY COVERAGE PART
 COMMERCIAL INLAND MARINE COVERAGE PART
 COMMERCIAL LIABILITY UMBRELLA COVERAGE PART
 COMMERCIAL PROPERTY COVERAGE PART
 CRIME AND FIDELITY COVERAGE PART
 EMPLOYMENT-RELATED PRACTICES LIABILITY COVERAGE PART
 EQUIPMENT BREAKDOWN COVERAGE PART
 FARM COVERAGE PART
 FARM UMBRELLA LIABILITY POLICY
 LIQUOR LIABILITY COVERAGE PART
 POLLUTION LIABILITY COVERAGE PART
 PRODUCTS/COMPLETED OPERATIONS LIABILITY COVERAGE PART

A. Paragraph 2. of the Cancellation Common Policy Condition is replaced by the following:

2. We may cancel this policy by mailing or delivering to the first Named Insured written notice of cancellation at least:
 - a. 10 days before the effective date of cancellation if we cancel for nonpayment of premium; or
 - b. 30 days before the effective date of cancellation if we cancel for any other reason.

After coverage has been in effect for more than 45 business days or after the effective date of a renewal of this policy, no notice of cancellation will be issued by us unless it is based on at least one of the following reasons:

- (1) Nonpayment of premium;
- (2) Discovery of fraud or material misrepresentation in the procurement of the insurance or with respect to any claims submitted under it;
- (3) Discovery of wilful or reckless acts or omissions by you that increase any hazard insured against;
- (4) The occurrence of a change in the risk that substantially increases any hazard insured against after insurance coverage has been issued or renewed;
- (5) A violation of any local fire, health, safety, building, or construction regulation or ordinance with respect to

any covered property or its occupancy that substantially increases any hazard insured against;

- (6) A determination by the Insurance Commissioner that the continuation of the policy would place us in violation of the insurance laws of this state;
- (7) Your conviction of a crime having as one of its necessary elements an act increasing any hazard insured against; or
- (8) Loss of or substantial changes in applicable reinsurance.

B. The following are added to the Common Policy Conditions and supersede any provisions to the contrary:

1. Nonrenewal

- a. If we elect not to renew this policy, we will mail or deliver written notice of nonrenewal to the first Named Insured at least 45 days before:
 - (1) The expiration date of this policy; or
 - (2) An anniversary date of this policy, if it is written for a term longer than one year or with no fixed expiration date.
- b. Any notice of nonrenewal will be mailed or delivered to the first Named Insured at the last mailing address known to us.
- c. If notice is mailed:
 - (1) It will be considered to have been given to the first Named Insured on the day it is mailed.

IL 02 36 09 07

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Page 1 of 2

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- (2) Proof of mailing will be sufficient proof of notice.
 - d. If notice of nonrenewal is not mailed or delivered at least 45 days before the expiration date or an anniversary date of this policy, coverage will remain in effect until 45 days after notice is given. Earned premium for such extended period of coverage will be calculated pro rata based on the rates applicable to the expiring policy.
 - e. We will not provide notice of nonrenewal if:
 - (1) We, or another company within the same insurance group, have offered to issue a renewal policy; or
 - (2) You have obtained replacement coverage or have agreed in writing to obtain replacement coverage.
 - f. If we have provided the required notice of nonrenewal as described in B.1.a. above, and thereafter extend the policy for a period of 90 days or less, we will not provide an additional nonrenewal notice with respect to the period of extension.
- 2. Premium Or Coverage Changes At Renewal**
- a. If we elect to renew this policy, we will give written notice of any premium increase, change in deductible, or reduction in limits or coverage, to the first Named Insured, at the last mailing address known to us.
 - b. Any such notice will be mailed or delivered to the first Named Insured at least 45 days before:
 - (1) The expiration date of this policy; or
 - (2) An anniversary date of this policy, if it is written for a term longer than one year or with no fixed expiration date.
 - c. If notice is mailed:
 - (1) It will be considered to have been given to the first Named Insured on the day it is mailed.
 - (2) Proof of mailing will be sufficient proof of notice.
 - d. If the first Named Insured accepts the renewal, the premium increase or coverage changes will be effective the day following the prior policy's expiration or anniversary date.
 - e. If notice is not mailed or delivered at least 45 days before the expiration date or anniversary date of this policy, the premium, deductible, limits and coverage in effect prior to the changes will remain in effect until:
 - (1) 45 days after notice is given; or
 - (2) The effective date of replacement coverage obtained by the Insured;

whichever occurs first.

If the first Named Insured then elects not to renew, any earned premium for the resulting extended period of coverage will be calculated pro rata at the lower of the new rates or rates applicable to the expiring policy.
 - f. We will not provide notice of the following:
 - (1) Changes in a rate or plan filed pursuant to the Property and Casualty Competitive Loss Cost Rating Act applicable to an entire class of business;
 - (2) Changes which are based upon the altered nature or extent of the risk insured; or
 - (3) Changes in policy forms filed with or approved by the Insurance Commissioner and applicable to an entire class of business.



November 28, 2017

NGO Love dba Deville Shopping Center
3300 South Frisco Rd.
Yukon OK. 73009

William Cox SPPA
Sent Via E-mail

Mailyam70@yahoo.com

Zurich North America

Claims

P.O. Box 968073
Schaumburg, IL
60196

Telephone (847) 605-6000
Fax (847) 605-7616
<http://www.zurichna.com>

RE:	Policy Number:	CPP 5514199 00
	Claim number:	5630000771
	Insured:	NGO Love LLC/Deville Shopping Ctr
	Loss Location:	NW 23 rd & Council Rd. Bethany OK.
	Reported Date of loss:	May 27, 2016
	Description of loss:	Hail damage to shopping Center

Dear Mr. Cox,

This correspondence acknowledges receipt of your proof of loss, estimate and your expert report from Engineering Perspective. I have completed a full review of these documents. Based on my review of same, by this letter, Steadfast Insurance Company can-not accept your proof of loss. We disagree with the scope and reported damage. Steadfast insurance also reserves all rights and conditions under our insureds property policy.

Our insured has a property policy in place under policy number CPP 5514199 00. The policy effective dates are 09/22/2015 to 09/22/2016. The alleged date of loss is May 27, 2016 and falls within the policy term. However, I call your attention to the policy section found on page 10 of 16 through 11 of 16. This section details the duties of our insured in the event of a loss. This section states the following:

F. DUTIES IN THE EVENT OF LOSS OR DAMAGE

1. You must see that the following are done in the event of loss or damage to Covered Property:
 - a. Notify the police if a law may have been broken.
 - b. Give us prompt notice of the loss or damage, including a description of the property involved.
 - c. As soon as possible, give us a description of how, when, and where the loss or damage occurred.



November 28, 2017
Page 2

- d. Take all reasonable steps to protect the Covered Property from further damage, and keep a record of your expenses necessary to protect the Covered Property, for consideration in the settlement of the claim. This will not increase the Limit of Insurance. However, we will not pay for any subsequent loss or damage resulting from a cause of loss that is not a **"covered cause of loss"**. Also, if feasible, set the damaged property aside and in the best possible order for examination.
- e. At our request, give us complete inventories of the damaged and undamaged property. Include quantities, costs, values, and amount of loss claimed.
- f. As often as may be reasonably required, permit us to inspect the property proving the loss or damage and examine your books and records.

Also, permit us to take samples of damaged and undamaged property for inspection, testing, and analysis, and permit us to make copies from your books and records.
- g. Send us a signed, sworn proof of loss containing the information we request to investigate the claim. You must do this within 60 days after our request. We will supply you with the necessary forms.
- h. Cooperate with us in the investigation or settlement of the claim.

Based on the above policy section, the loss or damage was not reported promptly. The date of loss as presented is May 27, 2016. This loss was not reported until January 7, 2017, approximately eight months later. This late reporting may have hindered our investigation.

When the loss was reported, our insured had engaged representation with Mr. Duane Smith with Pride Public adjusters. Due to in-climate weather and scheduling issues, the initial inspection with Mr. Smith did not occur until March 8 & 9, 2017.

Based on inspections completed by Madsen & Kneppers and Mr. Smith our insureds previous Public adjuster, the only recent/prevalent hail indentations that were identified were found on light aluminum condenser coils. Further, these hail indentations were considered to be an accumulation of hail dents from multiple hail events and could not be linked to one occurrence as the indentations were from varied directions and sizes.

Even if we are to consider these hail indentations as being linked to a hail event of May 27, 2016, the cost to repair and/or replace the coils totals \$41,581.70. This amount is under the \$100,000.00 wind and hail deductible.

I have attached for your review a copy of the initial report from Madsen & Kneppers dated April 25, 2017. Please refer to this report for further details regarding the initial inspections and findings at the time.

November 28, 2017
Page 3

I have completed a review and evaluation of your expert report from Engineering Perspective. I have also attached a copy of the Madsen and Kneppers rebuttal report.

Madsen & Kneppers has submitted the following regarding Engineering Perspectives report:

The following sections are taken from the Madsen & Kneppers report dated November 22, 2017:

"Conclusions

No evidence has been provided by EP (Engineering Perspective) that would affect the conclusions presented in the MKA report dated April 25, 2017. Based on our site visit and laboratory analysis of the roof systems there is no recent hail related impairment from the claimed hail event documented, or observed. Recent hail related indentations to the metal perimeter detailing were not observed. The in-place roofing systems, with the exception of the EPDM membrane, are at and beyond their useful service lives. Open flashings, open penetration detailing, poor and improper repair attempts, and deteriorated accessories were observed throughout which are all capable of allowing water to enter the building envelope. Low areas observed in various locations across the roof sections indicate possible structural deck degradation and pose a safety concern.

Hail related indentations observed to the light aluminum condenser coil fins are from multiple hail events and are considered an accumulation of indentations. Per your direction please find for your consideration, costs for the replacement/repair to the structure's affected roof top HVAC equipment should be set at \$41,581.70.

EP did not follow the industry accepted assessment methodologies outlined in the papers entitled *Protocol for Assessment of Hail-Damaged Roofing* and *Assessment of hail Damage on low-Slope Bituminous Roof Systems* for evaluation of roof systems. MKA used these accepted methodologies because they relate to the in-place roofing systems. An assessment of the in-place roof systems and related accessories must be conducted as per these documents. This includes, but is not limited to visual assessment of the roof system, quantifying the findings in test areas, flashings, light metals and visible splatter marks. Once determination of hail defects is noted exploratory cuts should be performed to confirm the findings.

The ANSI FM 4473 1.1 Purpose states the following: *This test standard states the test requirements and procedures for the assessment of impact resistance of new rigid roofing materials. Rigid roofing materials are manufactured in a rigid configuration and remain rigid during usage. These roof materials are manufactured as tiles or planks from materials such as*

November 28, 2017

Page 4

slate, concrete or clay. This test standard is not applicable for the in-place roofing systems.

Even though, EP performed tests reportedly following this ANSI FM 4473 test standard. It is evident that EP deviated from and modified the test procedures. The sample size was smaller than required, ice sphere sizes were omitted, and EP has not stated if the sample was conditioned at temperatures between 60° and 90°F (15.6° and 32.2°C) for the period of time sufficient to attain thermal equilibrium. "

In summary, Madsen & Kneppers has reported, there was light hail damage to condensation coils. The cost for these repairs is under the \$100,000.00 wind and hail deductible. Other than the light hail damage to the coils, no other recent hail damage was observed. Further, the tests performed by Engineering Perspective were not appropriate for an in place roof.

The Madsen & Kneppers report also states the following regarding the science of hail.

The following section is taken from the Madsen & Kneppers report dated November 22, 2017:

HAIL DISCUSSION

Hail storms rarely produce hail stones of a uniform size, shape or density; and softer, less dense hail may only leave a splatter mark (cleaned spot) in the dirt and oxidation of the surfacing of the material impacted. The biggest factor affecting most hail impact damage is the condition of the roofing material and the angle of the impact/point load. A methodology has been developed by the roofing industry for assessing hail impact damage to roofing systems. The methodology includes a classification of hail related damage to roofing, a field inspection procedure, and a computation procedure for determining if repairs or replacement of damaged roofing is appropriate based on economics.

Hail damage threshold sizes for common roofing materials, as well as hail storm characteristics, have been established from numerous industry hail studies. These hail storm characteristics are as follows:

Large hail falls further apart and in less quantity than small hail.

The majority of the hail storm consists of smaller stones rather than the largest reported size.

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Page 5

Smaller size hail falls in greater quantities and duration than larger hail.

Hail falls in a random pattern.

Roof slopes, perpendicular to the hail direction receive the most impact energies

Similarly, the following information relates to hail stone characteristics:

Random aspects of hail stones include size, density and fall pattern.

Hail speed, wind and trajectories of the stones are also random.

Larger hail stones often have irregular shapes.

To summarize the above sections, Madsen & Kneppers has stated the following:

"Weather data from others is background, supplementary information to validate a weather event, and is not a substitute for site-specific observations. Splatter marks observed at site do not support the reported possible hail size."

I have attached for your review copies of the both Madsen & Kneppers reports as well as the narrative from Engineering Perspective. Please refer to these reports for details. Based on all information received to date, by this letter, the proof of loss as presented by your office is rejected. At this point in our investigation, I can-not make any commitments to coverage. Further, Steadfast Insurance Company reserves all rights and conditions as detailed in our insureds policy. If you have any information and or documentation contrary to our findings, please forward to my attention for further review and evaluation.

At this point in our investigation, I would propose a meeting take place on site with my-self and you as well as Engineering Perspective and Madsen & Kneppers. I look forward to your response and availability for such a meeting. If you have any other questions or concerns, please give me a call.

November 28, 2017

Page 6

Sincerely,

Steadfast Insurance Company
James T. Parris Executive General Adjuster
1299 Zurich Way
Schaumburg IL. 60196

PH: 847 519 1391

CL: 847 309 2543

James.parris@zurichna.com

Milt Alexander

PH: 918 367 5805

milt@theinsoffice.com



January 24, 2018

NGO Love dba Deville Shopping Center
3300 South Frisco Rd.
Yukon OK. 73009

William Cox SPPA
Sent Via E-mail

Mailylam70@yahoo.com

Zurich North America

Claims

P.O. Box 968073
Schaumburg, IL
60196

Telephone (847) 605-6000
Fax (847) 605-7616
<http://www.zurichna.com>

RE:	Policy Number:	CPP 5514199 00
	Claim number:	5630000771
	Insured:	NGO Love LLC/Deville Shopping Ctr.
	Loss Location:	NW 23 rd & Council Rd. Bethany OK.
	Reported Date of loss:	May 27, 2016
	Description of Loss:	Hail damage to shopping Center

Dear Mr. Cox,

This correspondence supplements our reservation of rights letter sent to your attention on November 28, 2017, as well as our re inspection that occurred on December 18, 2017, and my E-mail of January 9, 2018. This letters serves to supplement our re inspection. I have also attached an additional report from Madsen & Kneppers. This letter serves to status the above matter.

During our re-inspection, the undersigned and MKA were unable to verify/observe any direct physical damage from hail to the roof membrane. Further, when I ask you and your engineer to identify any hail damage to the roof membrane, you were unable to identify any hail impacts to the membrane.

Hail damage observed, that exhibited the reported size and splatter marks consistent with the event of May 27, 2016, was to soft metals: namely HVAC coils and roof stacks/chimneys. The reported cost of repairs to these soft metals was less than the wind and hail deductible.

Since our re inspection took place, I instructed MKA to have one of their structural engineer's further review the document from Engineering Perspective, (the engineer engaged by your office), "Structural Engineer to Structural Engineer". I have attached a copy of this supplemental report. Based on our re inspection and follow up reports from MKA there does not appear to be any hail damage to the roof membrane consistent with the reported loss of May 27, 2016.

January 24, 2018

Page 2

Further, hail damage that as observed consistent with an event of May 27, 2016 repairs are under the wind and hail deductible.

Please refer to the attached supplemental report from Madsen & Kneppers for details as this report further responds to the engineering Perspective report.

Based on reports and documents received from Madsen & Kneppers and your office, it is our position that there is no hail damage to the roof membrane at the Deville Shopping center consistent with the storm of May 27, 2016. The damage to soft metals observed which appears could be related to the storm of May 27, 2016 cost of repairs is under the wind and hail deductible. Based on this information, we will follow to close our file.

Steadfast Insurance Company specifically reserves all rights and conditions as details in our insureds policy. If you or our insured are in possession of any documents and or reports and information contrary to our findings, please forward same to my attention for review and evaluation. IF you have any other questions or concerns, please give me a call to further discuss.

Sincerely,

Steadfast Insurance Company
James T. Parris Executive General Adjuster
1299 Zurich Way
Schaumburg IL. 60196

PH: 847 519 1391
CL: 847 309 2543
James.parris@zurichna.com

Milt Alexander
PH: 918 367 5805
milt@theinsoffice.com

ESTIMATE



Deville Shopping Center
Bethany
Ok

Estimate # 000029
Date 08/07/2017

Jw Heating and Air LLC

7217 N Norman Rd
Warr Acres, Ok 73132

Phone: (405) 818-7049

Email: jw_heatandair@yahoo.com

Description	Total
Detach and reset 19 existing systems	\$85,500.00
Remove and re install package units with proper ducting and permits required.	
Install 5 ton package unit with electric heat	\$138,000.00
Install allied air commercial package units 208/230 3 phase electric. With hail guards and permits required. This is replacing hail damaged equipment.	
Replace three 5 ton split condensing units with evaporator coils	\$20,400.00
Install three 5 ton condensing units on rooftop. Also replace coils on air handlers below to match with 410a equipment	
Replace 10 ton hail damaged package unit	\$17,500.00
Install new 10 ton allied air package unit. 460v 3 phase with hail guards. All ducting required on roof.	
Replace 3 ton hail damaged package unit	\$7,850.00
Install 3 ton allied air package unit 208/230 3 phase. All ducting and permits required.	
Replace 6 ton hail damaged package unit	\$12,675.00
Install new 6 ton allied air package unit. 208/230	
Replace 20 ton hail damaged package unit	\$33,580.00
Install allied air 20 ton package unit 208/230 3 phase. All ducting and permits	



Subtotal	\$315,505.00
Total	\$315,505.00

By signing this document, the customer agrees to the services and conditions outlined in this document.



2601 S. Hub Dr. North, Ste. A
Independence, Missouri 64055
816. 836.9633

Technical Investigations and Project Engineering

www.engineeringperspective.com

ENGINEERING EVALUATION OF BUILDING ROOF MEMBRANE CONDITIONS

at

**NGO Love, LLC dba
Deville Shopping Center
2408 Council Road
Bethany, Oklahoma 73008**

Prepared for the

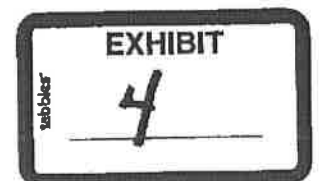
Insurance Adjusters Group
Mr. William Cox



Prepared by:

**ENGINEERING PERSPECTIVE
2601 S. Hub Drive North, Suite A
Independence, Missouri 64055
816.836.9633**

November 10th, 2017
File No.: 0117101



SUMMARY REPORT

Introduction:

This report provides an engineering evaluation of building roof membrane conditions that exist at the Deville Shopping Center located at 2408 Council Road in Bethany, Oklahoma. It was reported hail occurred in the region and may have caused damage to the building roof systems. The purpose of this evaluation was to determine if the general areas of the building roof membrane systems experienced damage due to hail.

The services provided as part of this evaluation consisted of the following:

- Site examination of the roof membrane conditions
- Review of Weather Data Verification Reports
- Evaluation and Testing of Collected Roof Samples

Site Examination on 07/18/2017:

On July 18th, 2017, Carl E. Martin, P.E., of Engineering Perspective, traveled to the Deville Shopping Center located at 2408 Council Road in Bethany, Oklahoma to examine the building roof membrane conditions of concern regarding potential hail damage. During the examination, photographs were taken to document the conditions found, and these photographs have been included in Appendix A of this report.

Observations made and information collected during examination of the building roof membrane conditions on July 18th, 2017 have been summarized as follows:

1. The commercial building was found to consist of a single-story structure supported by a cast-in-place concrete foundation system. A historical site aerial view of the building and associated roof areas have been included in Appendix A indicating the relative size, orientation, and configuration of the building roof areas.
2. The front elevation of the building was considered to face south for purposes of this evaluation (Photograph 1).
3. The roof areas of the building were accessed from the south end (Photograph 2). This revealed that the roof system at this portion of the facility was found to consist of a loose, ballast-covered built-up-roof (BUR) system that was reportedly overlaid on a lightweight concrete deck (Photographs 3 - 4, 6 - 8, 25 - 27, 38 - 41). Exposed curb material was identified to exist on some rooftop mechanical units, (Photograph 5).
4. An area of the roof was randomly selected for collection of a roof sample (Photograph 9). On the top surface of some mechanical equipment, visible surface deformations were identified to exist (Photographs 10 - 12 & 14) that included metal parapet caps and other metal surfaces (Photographs 36, 37, & 51).
5. Isolated areas of surface coating loss were identified (Photographs 13, 17 - 19).
6. Areas of isolated surface abrasion were identified to exist on rooftop openings in some isolated locations (Photograph 15).

7. A portion of the roof area was found to have an EPDM membrane (Photograph 20). A randomly selected area of the EPDM membrane was identified for sample collection (Photograph 21).
8. Areas of past repairs to the roof membrane were identified (Photograph 22).
9. At the northwest portion of the facility roof area, another area of the membrane was selected for sample collection, identified as Sample #3 (Photographs 23 & 24).
10. Along the vertical wall areas with granulated modified bitumen covering, areas of isolated granular loss were identified to exist (Photographs 28 - 35). Also, along the perimeter areas of the roof, granulated modified bitumen had been installed and indicated some isolated granular loss (Photographs 44 - 45) and isolated surface disturbances to the top coating (Photographs 47 - 50).
11. Sample #1, on the south end of the facility, was removed (Photograph 52) and found to have a lightweight concrete substrate (Photograph 53). A sampling of the ballast rock was also obtained for impact-testing comparisons.
12. Sample #2, located near the center portion of the facility, was found to consist of an EPDM membrane and was removed (Photographs 54 - 56), with a fiberboard substrate over another roof system.
13. Sample #3, located on the northwest portion of the facility, was removed from the roof system (Photograph 58) and was also found to have a lightweight concrete substrate (Photograph 59).
14. Sample #4, located on the northwest portion of the facility, was removed from the roof system (Photograph 60) and found to have a lightweight concrete substrate (Photographs 61 & 62).

Review and Evaluation of Weather Data Verification Reports:

As part of this evaluation, two reports regarding the occurrences of hail at this location were reviewed and these reports are included in Appendix B of this report. This review included estimates of the maximum potential size of hail and associated impact energy that could have occurred during past hail events experienced at this site.

The Corelogic Hail Verification report reviewed was based on proprietary algorithms from a radar network using dual-polarization radar data to derive a theoretical representation of the hail size during the storm events that may have occurred at the location of the building. Results of the Corelogic Hail Verification report from January 1st, 2006 through January 12th, 2017 indicated the following:

<u>Date:</u>	<u>Max. Possible Hail At Site</u>	<u>Max. Hail Possible Within 1 Mile</u>	<u>Max Hail Possible Within 3 Miles</u>
May 27 th , 2017	0.8" (0.4 - 0.9 lb-ft)	0.9"(0.6 - 1.5 lb-ft)	2" (15 - 37 lb-ft)
March 25 th , 2015	1.3"(2.4- 6.6 lb-ft)	1.6"(5.5 - 13.8 lb-ft)	2.2"(21 - 54 lb-ft)
Mar. 24 th , 2015 - May 17 th , 2011	<1.2"(2 - 5.2 lb-ft)	1.7"(7.8 - 19 lb-ft)	1.8"(9.3 - 23 lb-ft)
May 16 th , 2010	1.5" (4.5 - 11.4 lb-ft)	1.7"(7.8 - 19 lb-ft)	1.8"(9.3- 23 lb-ft)
May 15, 2010 - Jan. 1, 2006	<1.2"(2 - 5.2 lb-ft)	<1.5"4.5 - 11.4 lb-ft)	1.8"(9.3 - 23 lb-ft)

The Hail Impact Report by HAILTRACE consisted of a detailed meteorological review and analysis of the weather data for the site on May 27th, 2016. The results of the Hail Impact Report by HAILTRACE indicated that on the evening of May 27th, 2016, a fast-moving storm moved through the area. Hail up to 2.25 inches in nominal diameter fell in the core of the storm a few miles from the location of the building. The size of the hail at the building location was projected to be 1.75 inches in nominal diameter, with a possible impact energy ranging from 8.5 to 21.4 lb-ft.

Based on the meteorological information provided, and knowing that one of the primary factors in the occurrence of damage to a roof membrane is related to the impact energy of the hailstone, the most recent storm event of significance that would have impacted the building was on May 27th, 2016 when hailstones up to 1.75 inches in nominal diameter were reported to have occurred at the site. Hailstones of larger sizes could have occurred as hail up to 2.25 inches in nominal diameter was identified to have occurred within a few miles of the building location. Hailstones forming in the 40,000- to 50,000-foot elevation ranges can reasonably extend horizontally several miles from the location identified on the radar due to wind or fall characteristics of the hailstone during the estimated five- to six-minute free-fall time through the freezing elevation. The actual impact energy of the hailstones on the roof surfaces cannot be determined with certainty without the use of a *Hail Signature Technologies* ® impact data collection panel; therefore, the hail verification reports reviewed represent the best-available information known to exist regarding the occurrences of hail at the site.

Sample Examination and Testing:

Samples of the roof membrane were collected for examination and testing. During the examination and testing of the roof membrane samples collected, photographs were taken to document the conditions found, and these photographs have been included in Appendix C of this report. In this evaluation, each roof sample underwent an initial examination as received for preexisting conditions that could be related to hailstone or mechanical-type damage conditions. Next, the roof sample was exposed to a series of hailstone impacts based on the reported size of hailstone formations from meteorological reports. The impact energy of each hailstone-impact simulation was computed based on the measured weight of each hailstone (weighed with a scale) and velocity (measured with photographic triangulation with an accuracy of +/- 3%) at impact with the roof sample. Hailstones used for simulations were maintained below -7°F for more than 48 hours prior to impact simulation, and the dwell time between removal from the refrigerated storage to impact was less than two minutes. The hailstone-impact simulations were completed at a trajectory perpendicular to the roof surface. After the hailstone-impact simulations were completed, the roof sample was again evaluated for damage conditions related to the location of each hailstone impact at the recorded impact sites on each sample. For clarification purposes and to assist in proper review of this data, the actual theoretical size of the hailstones used can be calculated using the weight of hailstones and providing the exact theoretical size of the hailstones, but this analysis only references THE NOMINAL SIZE. Also, for those not versed in this type of simulation, please direct your attention to past documents related to this type of testing as ANSI FM 4473 and NBS 23, of which ANSI FM 4473 was developed for new, rigid roofing samples, and NBS 23 was developed in 1969, which has some issues of importance that were not characterized in that document. The important point is: both documents recognize the concepts and science of hailstone simulations. Key concepts: it is not so much the exact size of the hailstone but rather the impact energy that will determine if damage will occur, in combination with the physical constraints of the material and substrates, which explains why each hailstone is measured before impact simulation.

The process of damage analysis and evaluation would then be to compare the conditions of each sample as a result of each hailstone-impact simulation with the potential hailstone exposure information generated by a hail verification report. When damage criterion exists at an impact energy that was believed to have occurred at the site, damage to the roof membrane would be considered probable. It should also be noted that visual examinations of roof membrane surfaces do not allow for a determination of damage related to interply-bitumen fractures caused by hailstone impact energy and the associated disruption of the bitumen at the impact site; therefore, visual examination alone will not provide evidence of interply damage.

There were four samples collected for examination, evaluation and testing (Photographs 1), and these samples were identified as Sample #1, #2, #3 and #4 (Photograph 1).

Sample #1: - Built-Up Roof Membrane (Loose Ballast Cover) (Photographs 2 - 4)

A series of nine simulated hailstone impacts were completed on this sample using nominal diameter 1", 1-1/2", and 2" hailstone sizes.

The simulated hailstone impact energies ranged from 1.3 - 24.4 lb-ft. (Photographs 5 - 13).

The sample was cold-separated and indicated at impact energies of 24.4 lb-ft., distinguishable interply membrane disruptions occurred (Photographs 15 - 17). At impact energy of 18.6 lb-ft., no interply disruption was identified. Therefore, impact energies above 18.6 lb-ft. are necessary to cause interply membrane disruptions. and this condition is readily identifiable at 24.4 lb-ft.

Sample #2: - EPDM Membrane

A series of nine simulated hailstone impacts were completed on this sample using nominal-diameter 1", 1-1/2", and 2" hailstone sizes.

The simulated hailstone impact energies ranged from 0.4 - 30.2 lb-ft. (Photographs 21 - 29).

None of the impact simulations caused visible damage to the membrane. At impact sites with hailstone impact energies above 14.1 lb-ft, substrate compression was identified to exist.

Sample #3: - Built-Up Roof Membrane (Embedded Ballast Cover) (Photographs 34 - 4)

A series of nine simulated hailstone impacts were completed on this sample using nominal-diameter 1", 1-1/2" and 2" hailstone sizes.

The simulated hailstone impact energies ranged from 0.9 - 34.5 lb-ft. (Photographs 36 - 44).

Impact energies above 9.9 lb-ft. resulted in ballast rock dislodgement. The sample was cold-separated and indicated an impact energy of 10.2 lb-ft. resulted in distinguishable interply membrane disruptions (Photograph 46). However, some of the greater hailstone impact energy simulations as high as 34.5 lb-ft did not cause distinguishable interply disruptions on this sample.

Sample #4: - Built-Up Roof Membrane (Loose Ballast Cover) (Photographs 49 - 50)

A series of nine simulated hailstone impacts were completed on this sample using nominal-diameter 1", 1-1/2", and 2" hailstone sizes.

The simulated hailstone impact energies ranged from 1.1 - 39 lb-ft. (Photographs 51 - 60).

The sample was cold-separated and indicated at impact energies of 14.9 lb-ft., distinguishable interply membrane disruptions occurred (Photographs 64 - 65). At impact energies below 14.9 lb-ft, no interply disruptions were identified. Therefore, impact energies at or above 14.9 lb-ft are necessary to cause interply membrane disruptions and this condition is readily identifiable.

Evaluation:

Hail can cause damage to Built-up-Roof membranes and EPDM single-ply membranes if the impact energy is sufficient to cause permanent deformations, fractures, tears, interply disruptions (where applicable), and alterations to the assembly. Factors impacting the susceptibility of damage to these types of roof membranes from hail include hailstone size and hardness, the age of the membrane, and membrane substrate conditions. Additionally, a key factor in the occurrence of damage is the kinetic energy of the hailstone and the efficiency of the hailstone kinetic-energy transfer to the membrane surface. Visual examination of only the top surfaces of these membranes will not provide sufficient information to determine the occurrence of hail damage. So when roof inspectors state "throughout the roof areas no recent hail-related defects or damage to the membrane was observed," this observation can be true, but it does not represent a complete evaluation due to the fact the interply bond and membrane conditions cannot be known from a visual examination of the surfaces of the roof membrane. Even laboratory hailstone-impact simulations have shown that a visual examination of the surface of the roof does not reveal whether or not internal damages to the roof assembly has occurred.

Additionally, when selective roof samples are removed for inspection, chances of these exploratory cuts in the membrane being at a location where impact energies of a damaging magnitude occurred is extremely low. Results of these exploratory cuts in the membrane are typically used as some kind of proof that no damage occurred to the roof membrane from hail, and that is far from accurate, nor is it representative of the "ground-truth" from hailstones that occurred. However, application of this methodology is not considered valuable because there is a high probability that the samples will show no damage (as the probability of cutting the roof sample at a high-impact energy location is very low). Unfortunately, this methodology is often used as the basis for considering that no damage to the roof membrane has occurred, but it is far from scientific or thorough enough to convince most building owners.

In this matter, site examination indicated multiple locations of soft metal deformations existed that indicated relatively high-impact energy hailstones had occurred at this location in the past. Additionally, one of the types of roof systems found (BUR) can experience interply disruptions from hailstone impacts that are not determinable from surface examination and depicted general age-related conditions that could make the roof assembly more susceptible to hailstone impact damage.

Review of the weather data reports for this site was completed. The detailed site-specific review of the weather conditions on May 27th, 2016 indicated that hailstones of 1.75 inches in nominal diameter fell at the location of the subject building located at 2408 Council Road in Bethany, Oklahoma during the evening, as well as even larger hail, up to 2.25", occurred within several miles of the site. Hailstones of 1.75 inches in nominal diameter generate impact energies ranging from 8.5 to 21.40 lb-ft. depending on wind and downdraft conditions. So unless someone was at the site during the May 27th, 2016 storm event that was weighing the hailstones and measuring their velocity at impact, this is likely the best information available regarding impact energies of hailstones at this location.

Samples of the BUR roof membrane were collected and tested for hailstone impact performance. This testing indicated the following:

- **Sample #1:**
This sample indicated that at hailstone impact energies of 24.4 lb-ft., distinguishable interply membrane disruptions occurred. At impact energy of 18.6 lb-ft, no interply disruption was identified. Therefore, impact energies above 18.6 lb-ft were considered necessary to cause interply membrane disruptions. This condition is readily identifiable from hailstones with a kinetic energy of 24.4 lb-ft.
- **Sample #3:**
This sample indicated that at hailstone impact energies above 9.9 lb-ft, ballast rock dislodgement could occur and would be anticipated. At hailstone impact energies of 10.2 lb-ft, distinguishable interply membrane disruption occurred from one hailstone impact simulation. However, larger impact energies as high as 34.5 lb-ft. at other locations on the sample did not result in distinguishable interply disruptions.
- **Sample #4:**
This sample indicated at hailstone impact energies above 14.9 lb-ft., distinguishable interply membrane disruptions occurred. At impact energies below 14.9 lb-ft, no interply disruption was identified. Therefore, impact energies at or above 14.9 lb-ft are necessary to cause interply membrane disruptions for this type of roof assembly. This condition is readily identifiable from cold-separation.

A sample of the EPDM membrane was collected and tested for hailstone impact performance. Testing of this sample indicated the following:

- **Sample #2:**
None of the impact simulations caused visible damage to the membrane. At impact sites with hailstone impact energies above 14.1 lb-ft, substrate compression was identified to exist that would likely impact the fully adhered status of the assembly.

Testing of the BUR samples indicated that distinguishable interply disruptions are initiated at or above 14.9 lb-ft for most areas with the BUR membrane at this location. Therefore, if you believe hailstone-impact energies occurred within the last few years that were equal to or more than 14.9 lb-ft., it is likely that some areas of interply disruptions exist on the BUR areas from this exposure. The frequency and locations of hailstone impacts of a damaging magnitude are not known and could vary appreciably. Testing of the EPDM membrane indicated that the membrane would not be damaged from impact energies as high as 30.2 lb-ft, but the substrate and adhesive bond between the membrane and the substrate fiberboard would be impacted at hailstone impact energies above 14.1 lb-ft. So, again, if you believe hailstone impact energies occurred within the last few years that were equal to or more than 14.1 lb-ft., it is likely that some areas of EPDM membrane experienced compression and alteration to the adhesive bond between the membrane and substrate fiberboard.

The evaluation process regarding the potential damage to the roof membranes would be to compare the performance of the roof membrane samples with regard to hailstone impacts with the potential hailstone exposure information generated by the detailed review and analysis of the weather conditions for this site. If damage conditions are validated to occur to represent roof samples at impact energies that are believed to have occurred at the site based on the weather data information, damage to the roof membrane would be considered probable, even though not observable from a viewing of the top surfaces of the membranes.

Conclusions:

Based on the steps utilized in the approach associated with this evaluation, the conclusions developed regarding this matter are summarized as follows:

The hypothesis developed to address the issue of concern was defined as follows:

- Hypothesis #1: Hail that occurred on May 27th, 2016 has caused damage to the constituents of the roof membrane systems at the Deville Shopping Center located at 2408 Council Road in Bethany, Oklahoma.

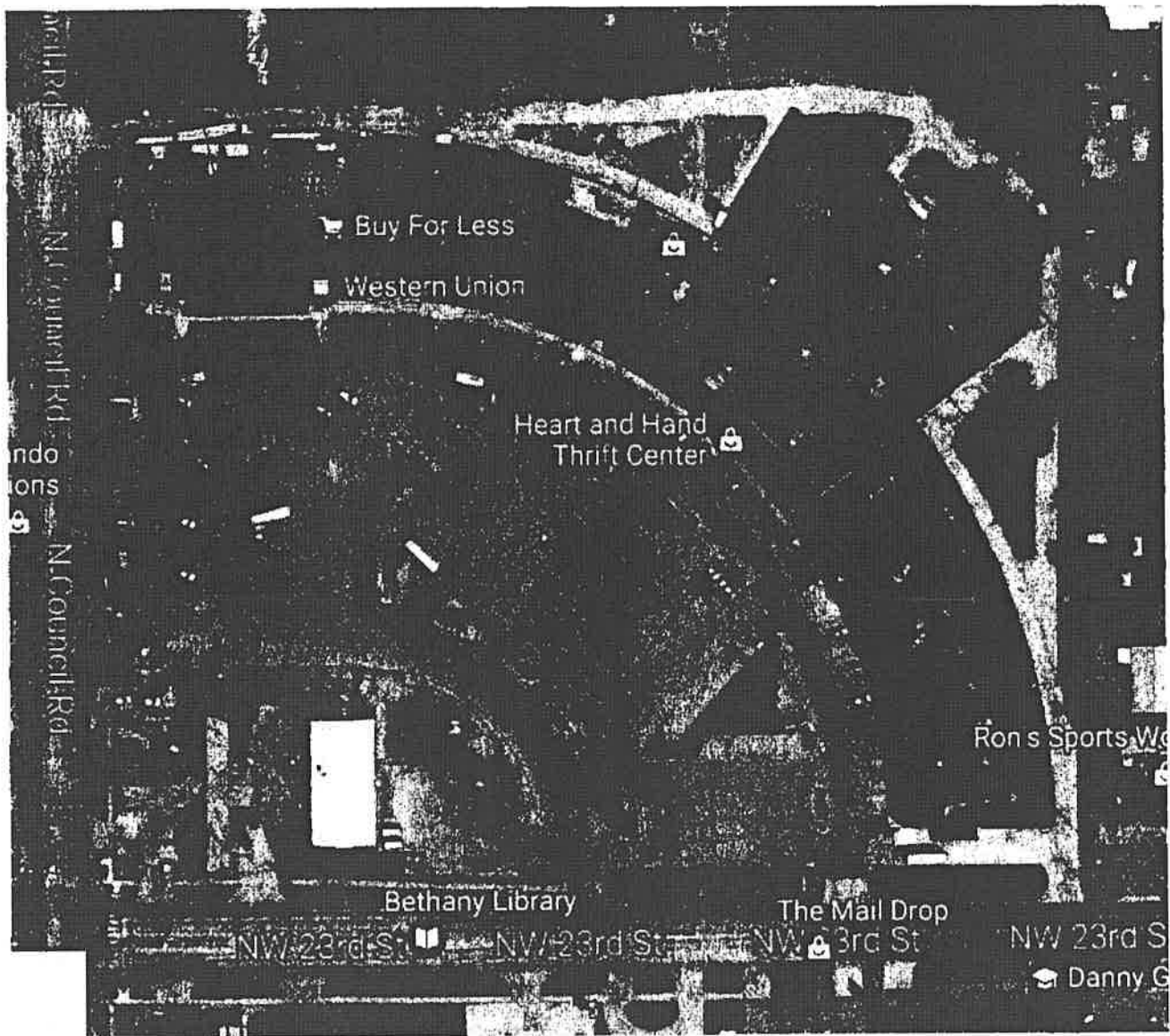
This hypothesis was determined to be valid and was accepted. The reason for the acceptance of this hypothesis is because the maximum possible impact energy from hailstones forming at and within several miles of the site on May 27th, 2016 was in the range of 8.5 to 21.4 lb-ft., and possibly could have been greater. Hailstone impact testing indicated that hailstones with kinetic energies of 14.1 lb-ft. and greater were found to result in damage conditions on the representative roof samples that were tested. While gravel ballast and trajectory considerations would have reduced the impact energy delivered by the hailstones, sufficient margin still exists that would have likely allowed for damage to the membrane to occur. Additionally, some areas of the roof depicted membrane conditions that indicated the likelihood of greater susceptibility to damage from hail, and these areas could have experienced damage at lower hailstone-impact energies.

Currently, the threshold of hailstone impact damage on the general roof areas at this location is 14.1 lb-ft. and lower at some areas of greater susceptibility to impact damage. Hailstones 1.75 inches in diameter can generate impact energies ranging from 8.5 to 21.40 lb-ft and would have a relatively high probability of causing damage to the roof membranes that would lead to leakage and moisture impact to the roof system substrate. As most roof membrane systems age, they become more susceptible to damage from hail and, therefore, the 14.1 lb-ft. threshold will change and become lower over time.

Appendix A

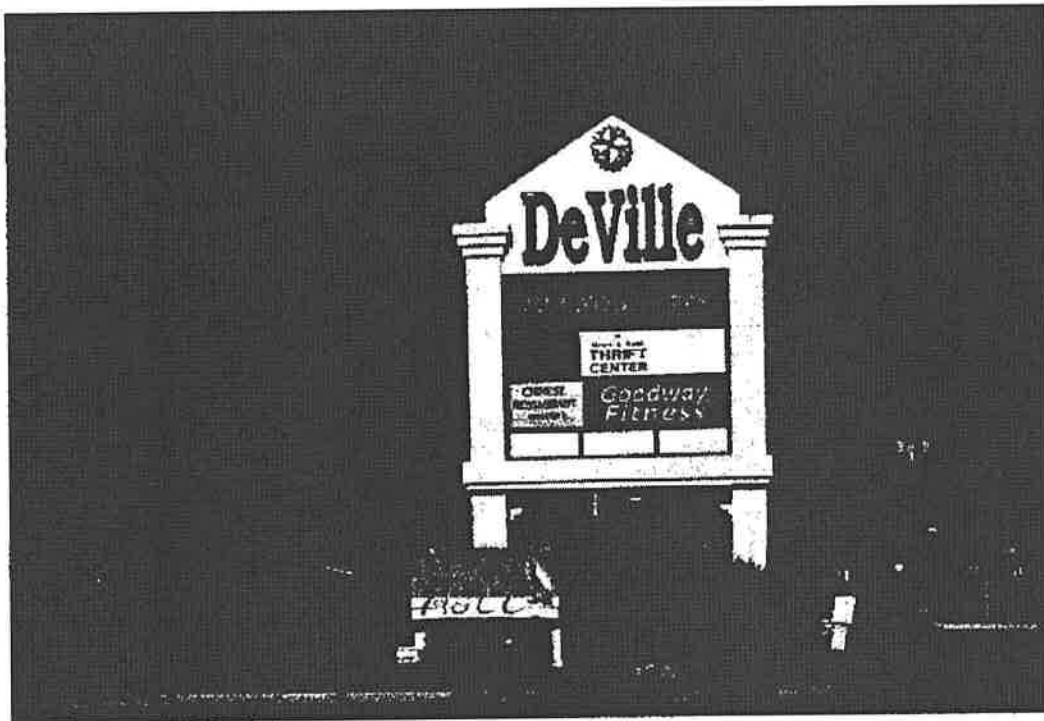
Site Photographs

Appendix A - 07/18/2017

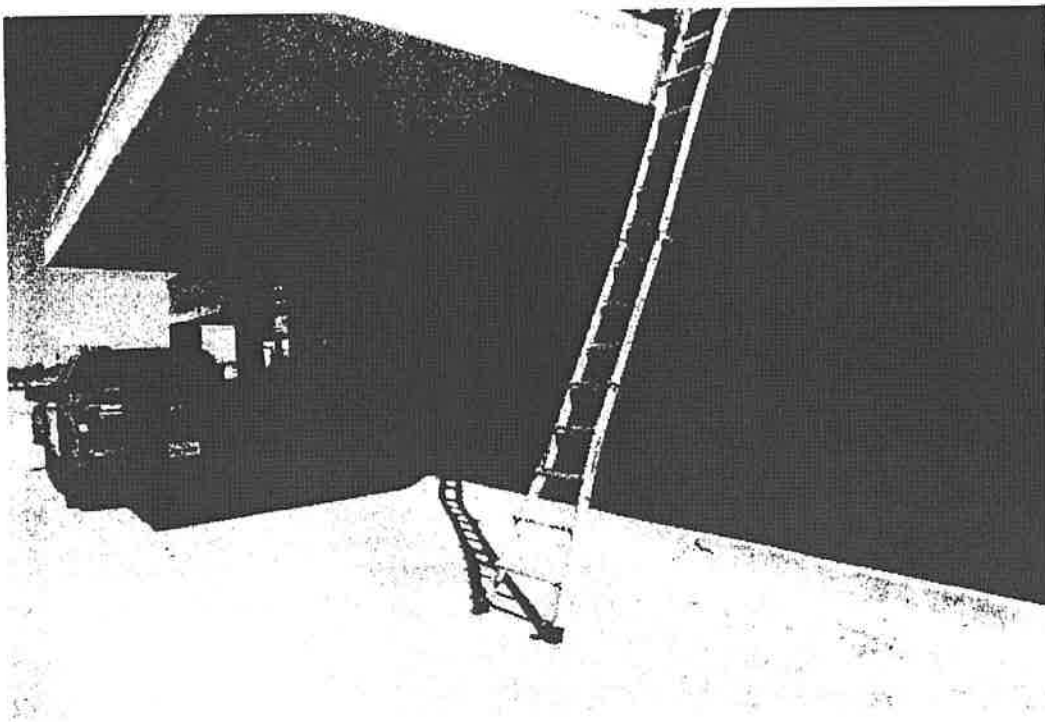


Site Aerial View

Appendix A - 07/18/2017

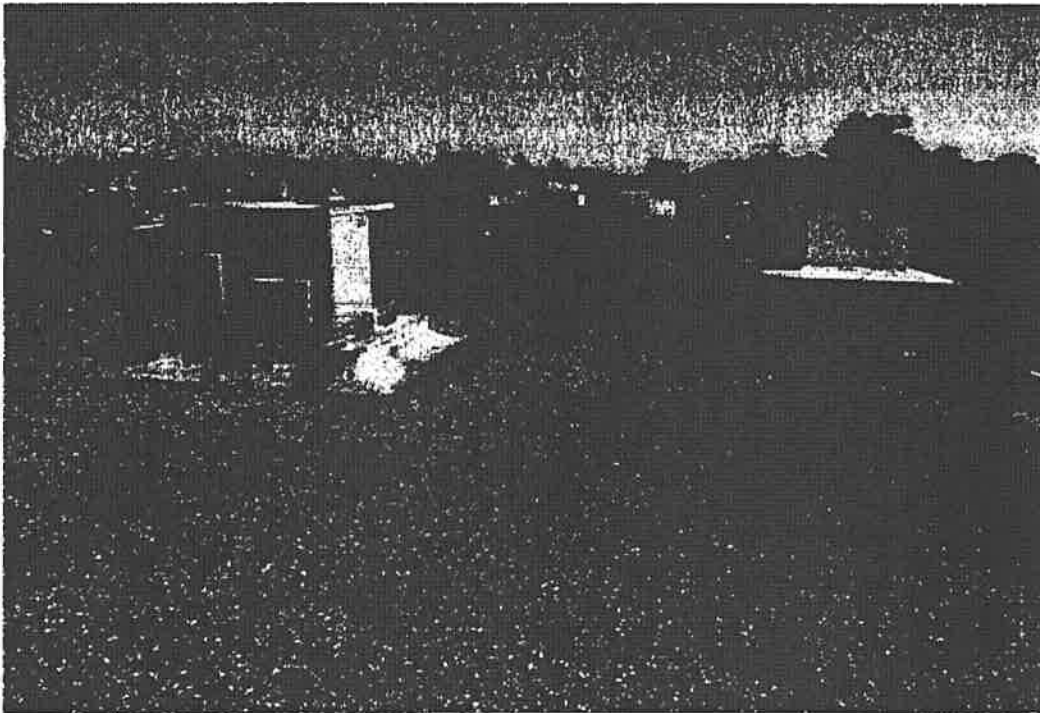


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2

Appendix A - 07/18/2017

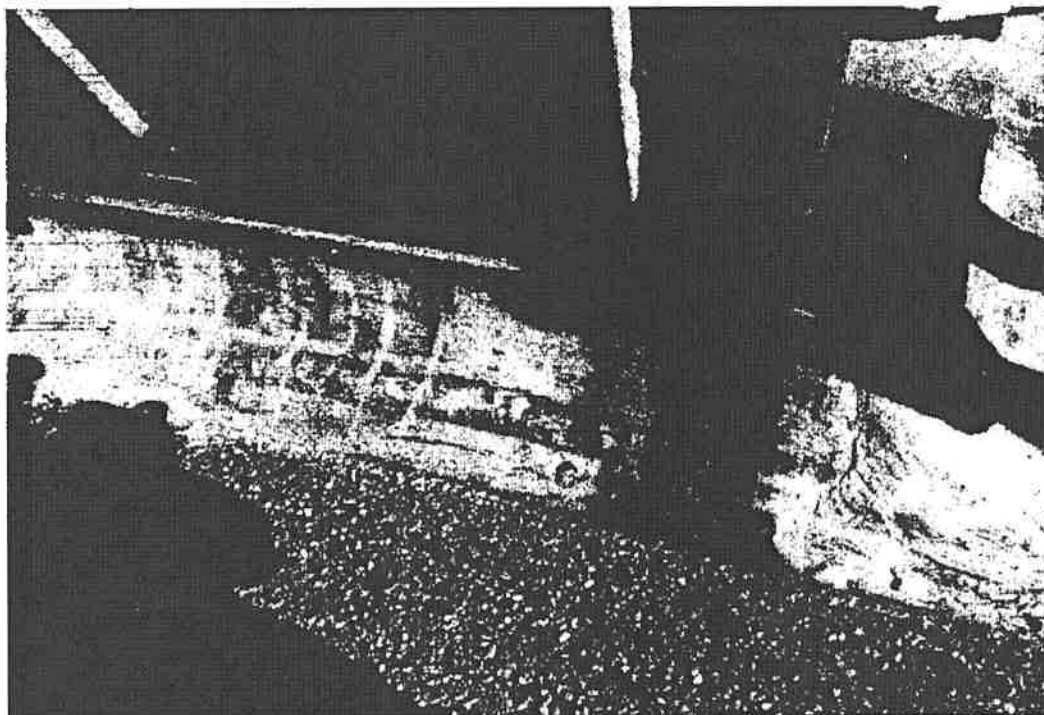


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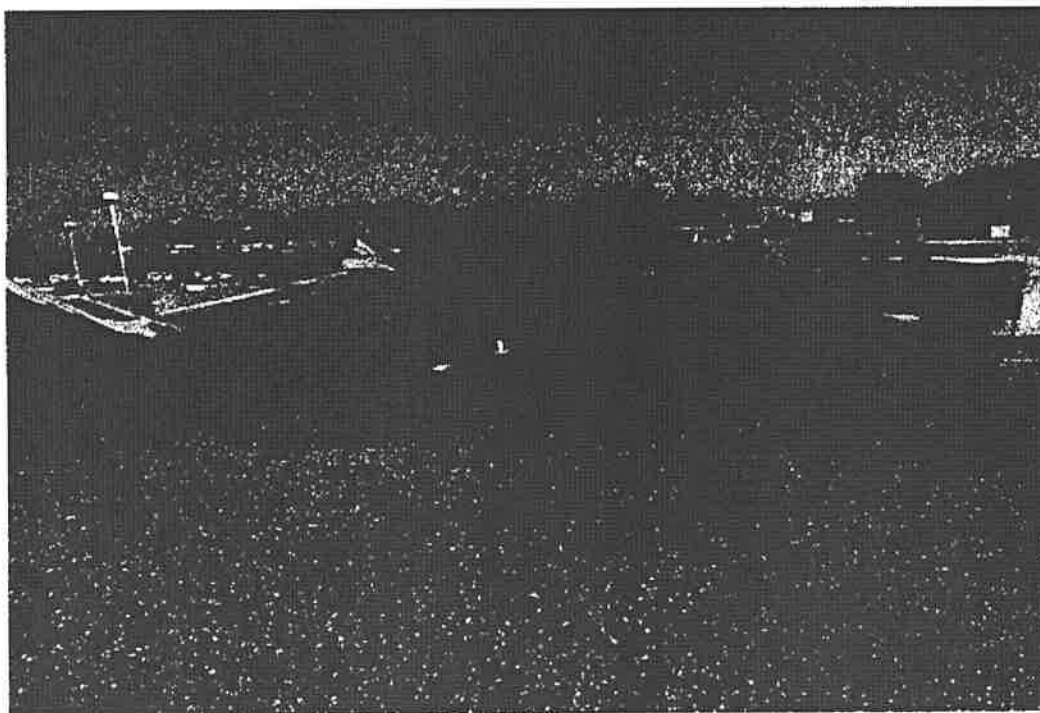


4

Appendix A - 07/18/2017

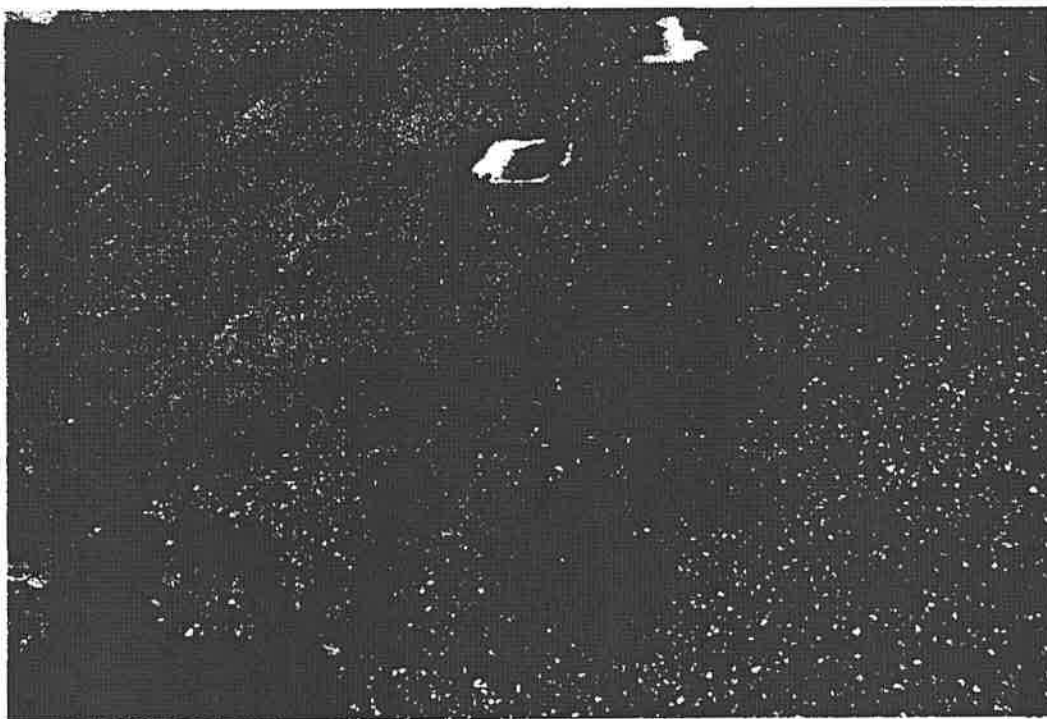


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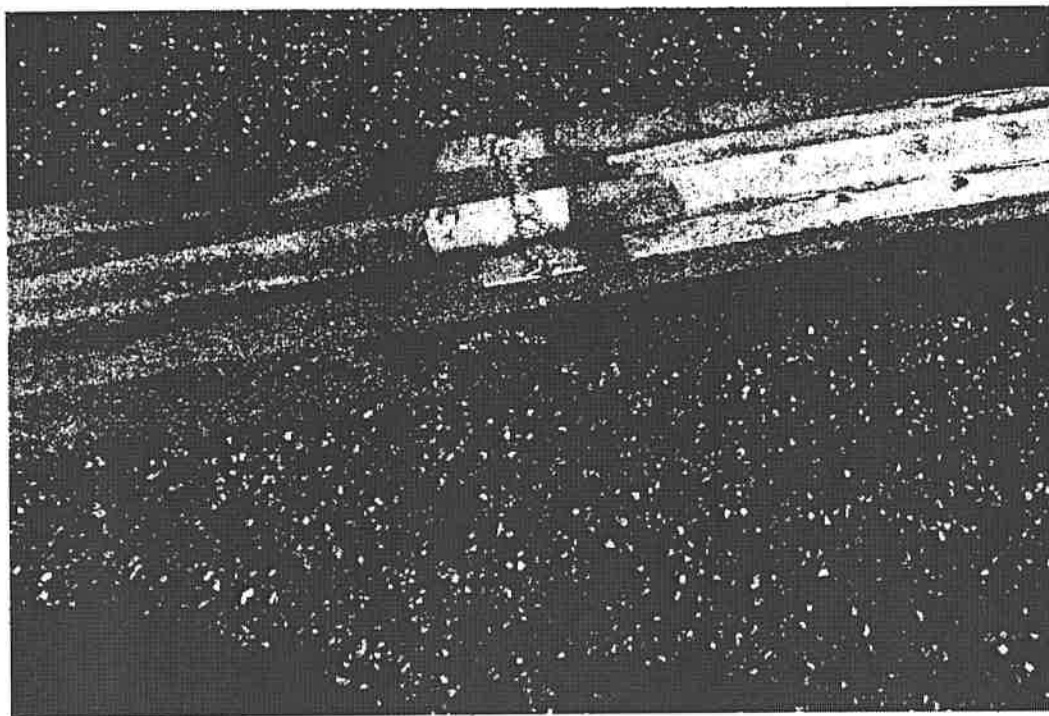


6

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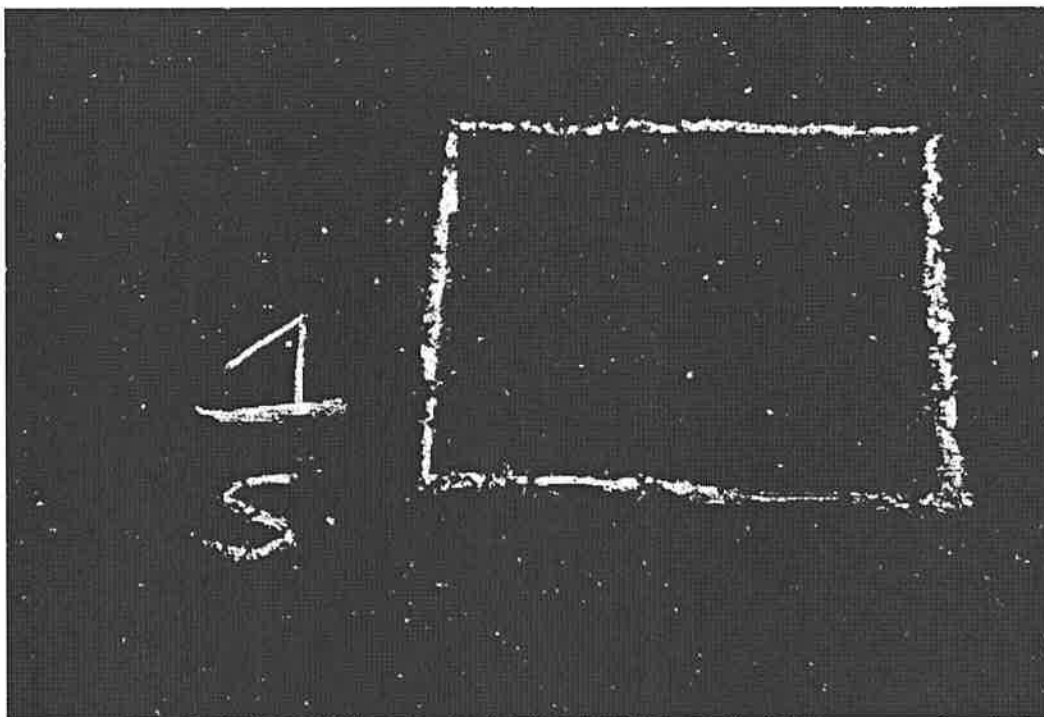


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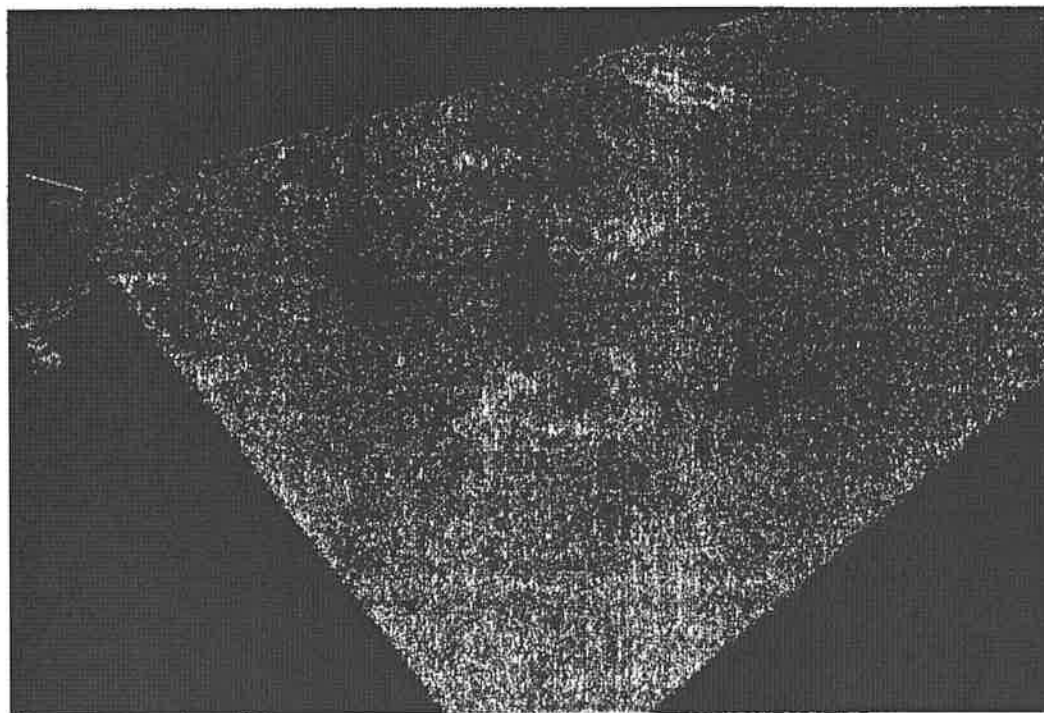


8

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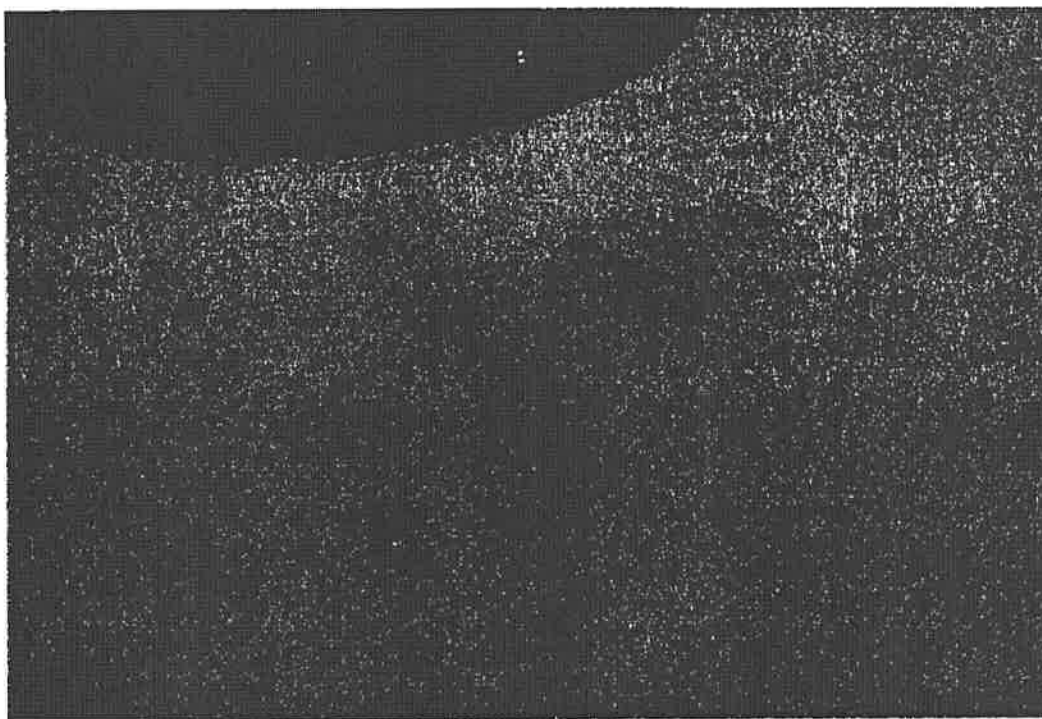


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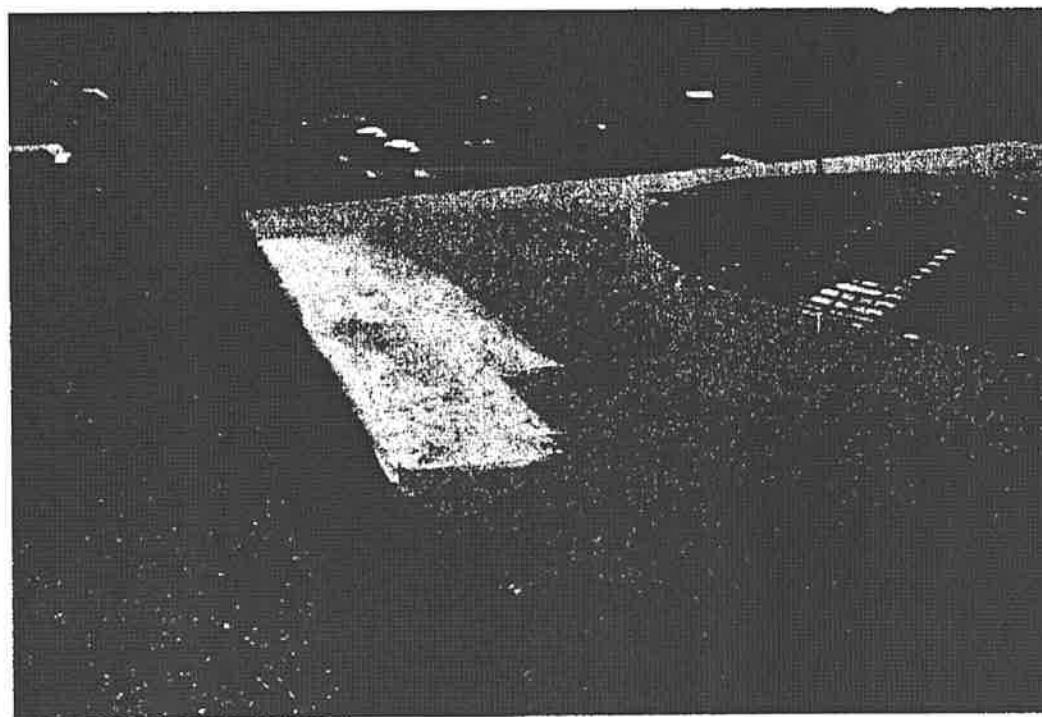


10

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11

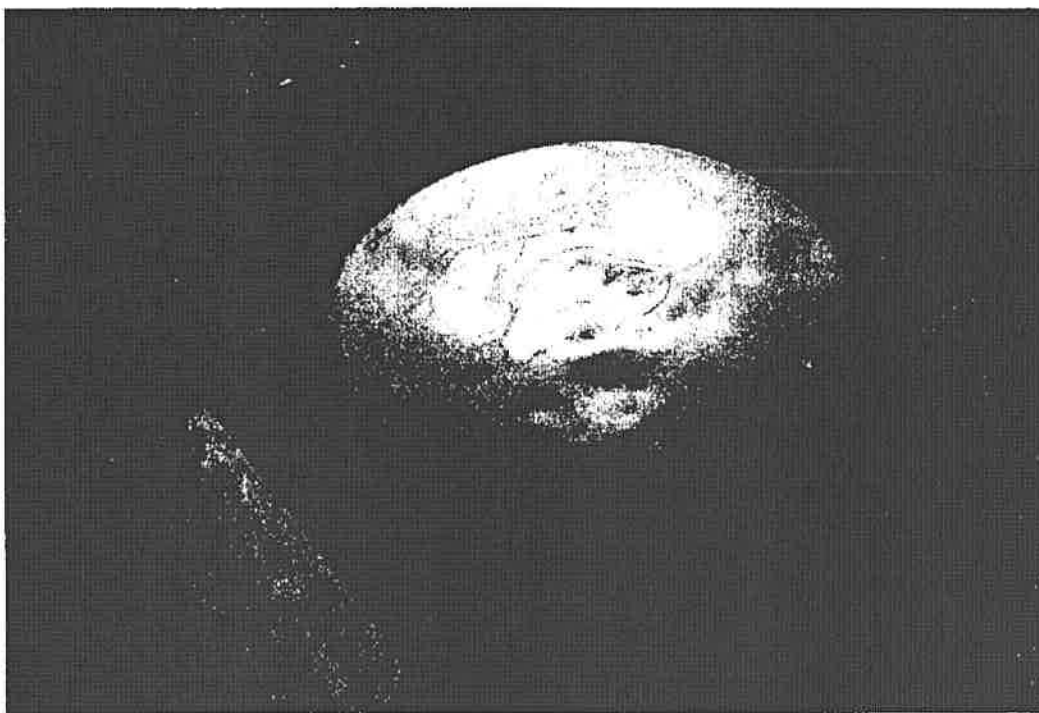


12

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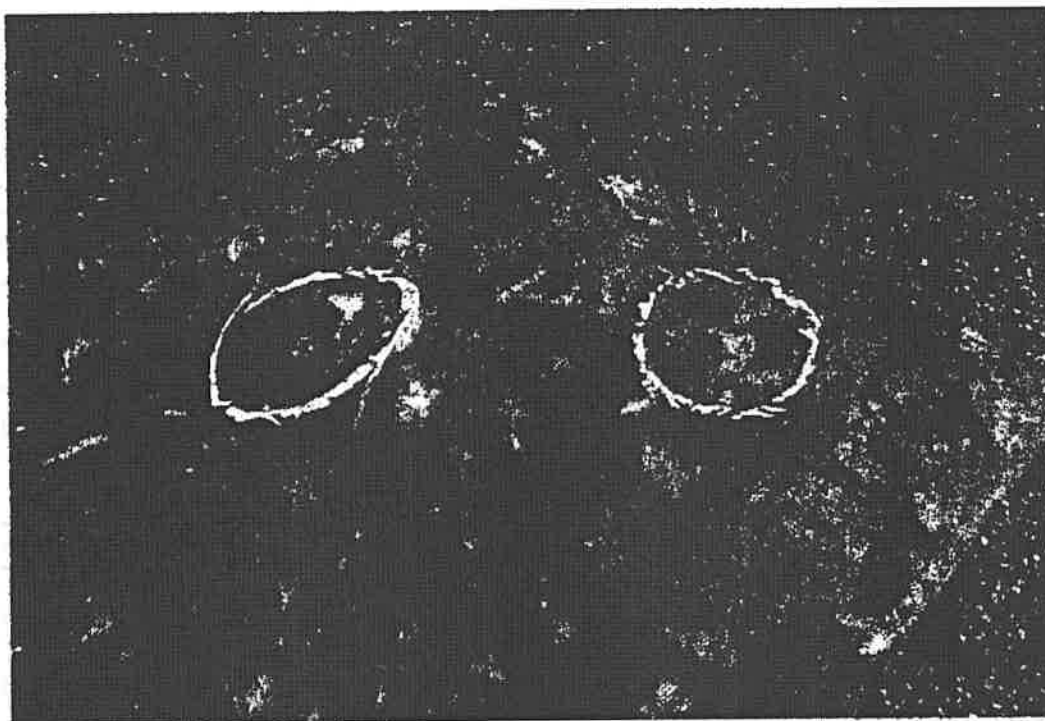


13



14

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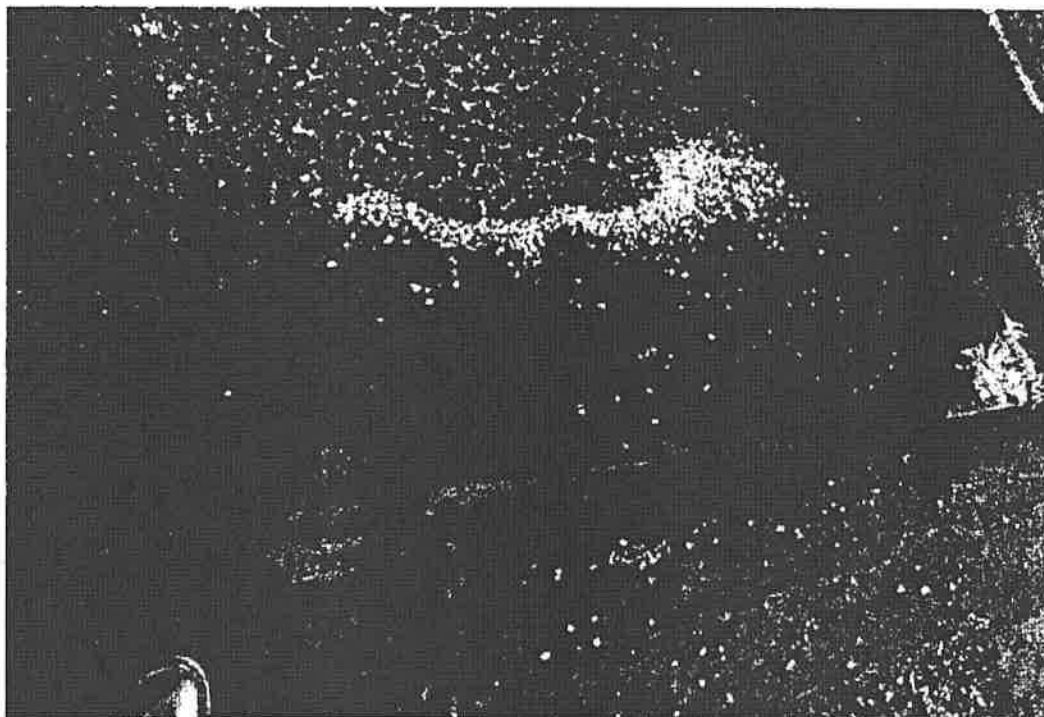


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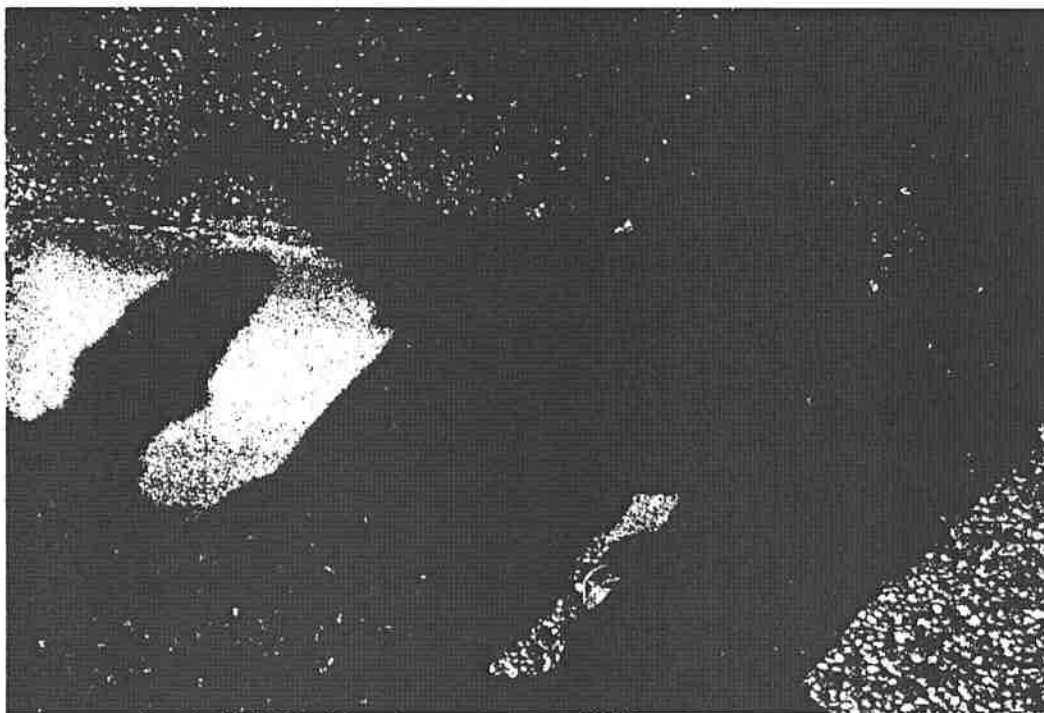


16

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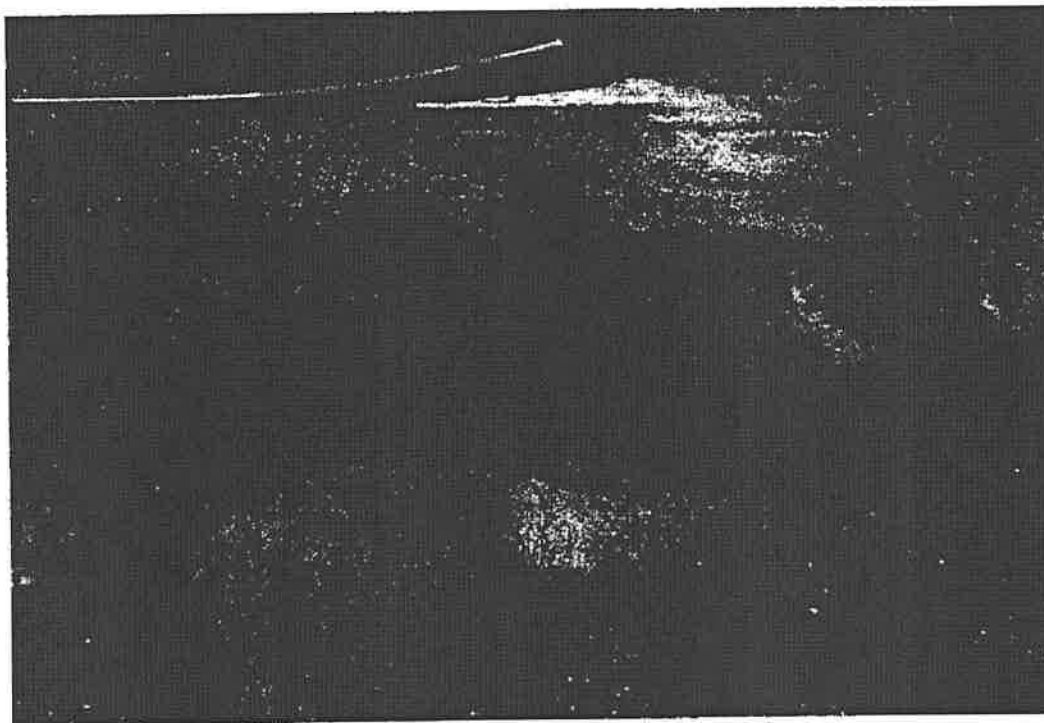


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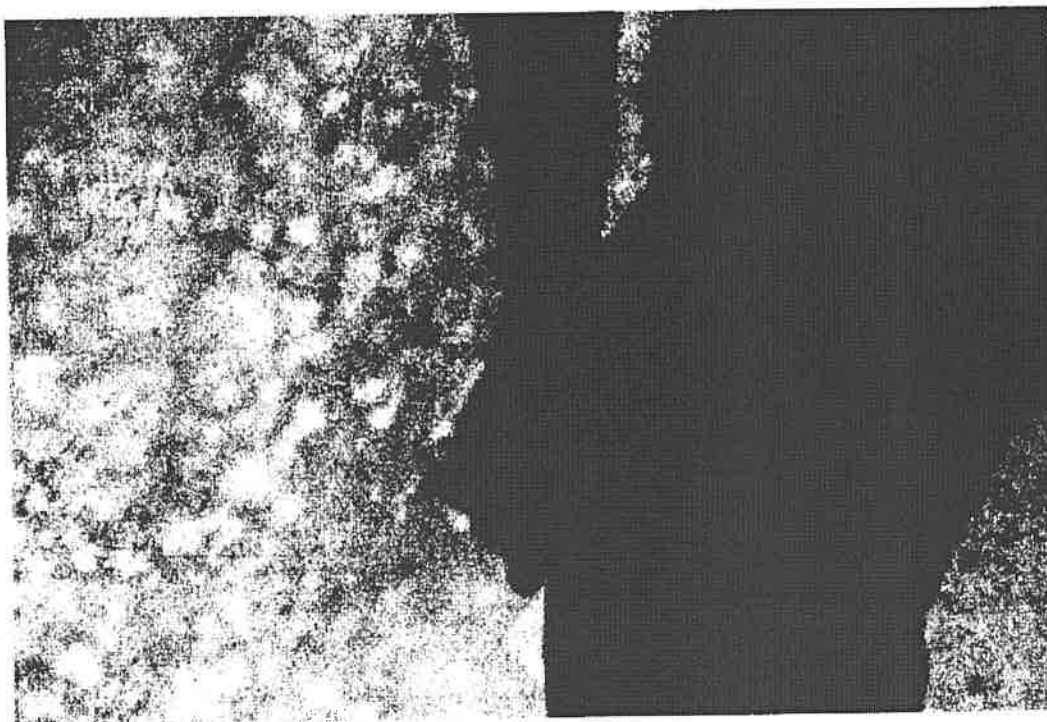


18

Appendix A - 07/18/2017

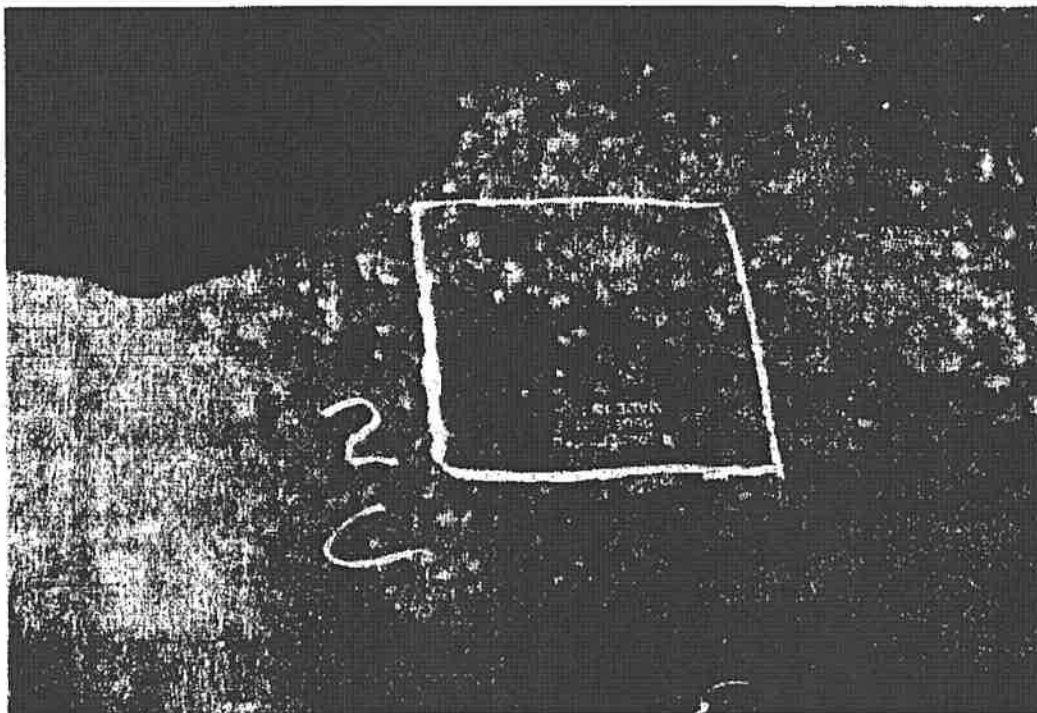


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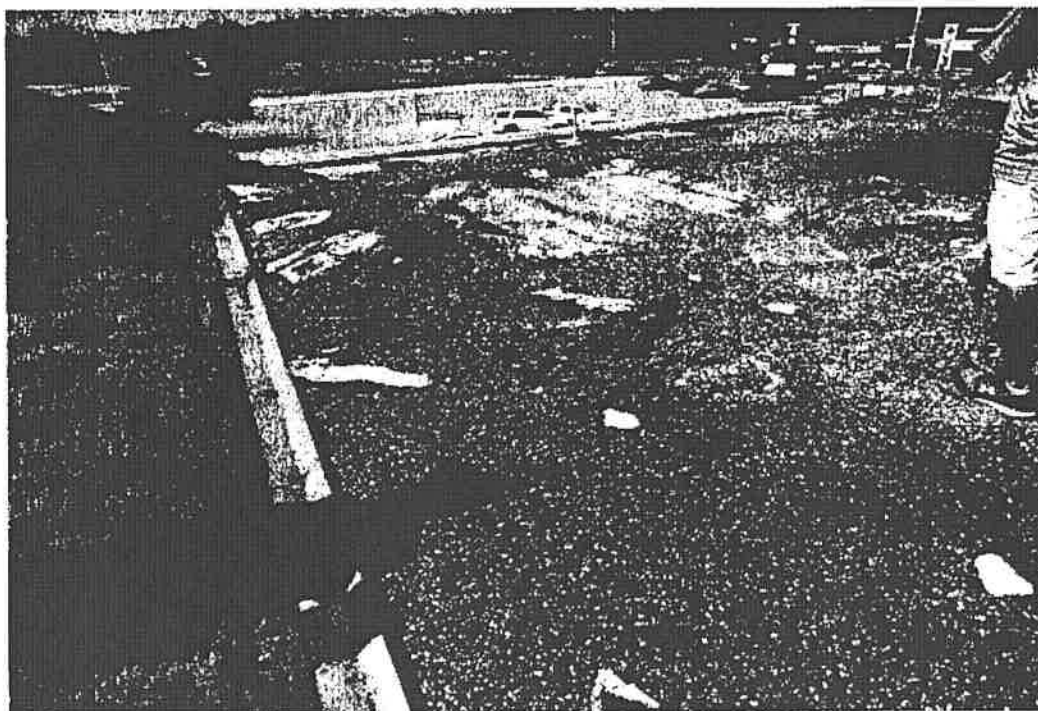


20

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21

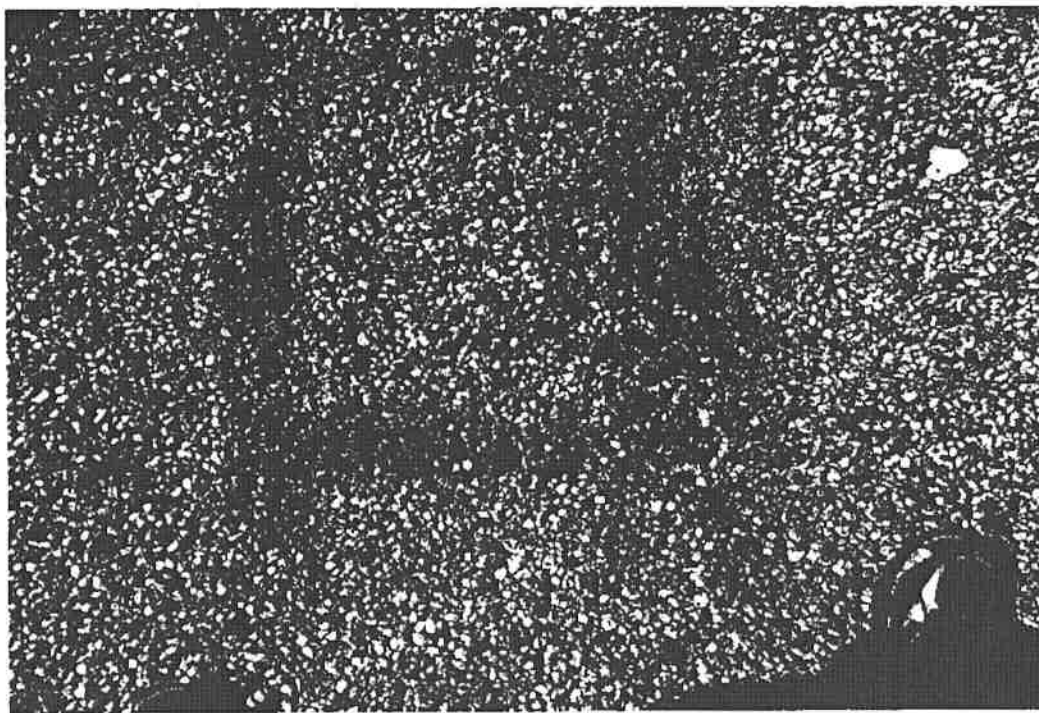


22

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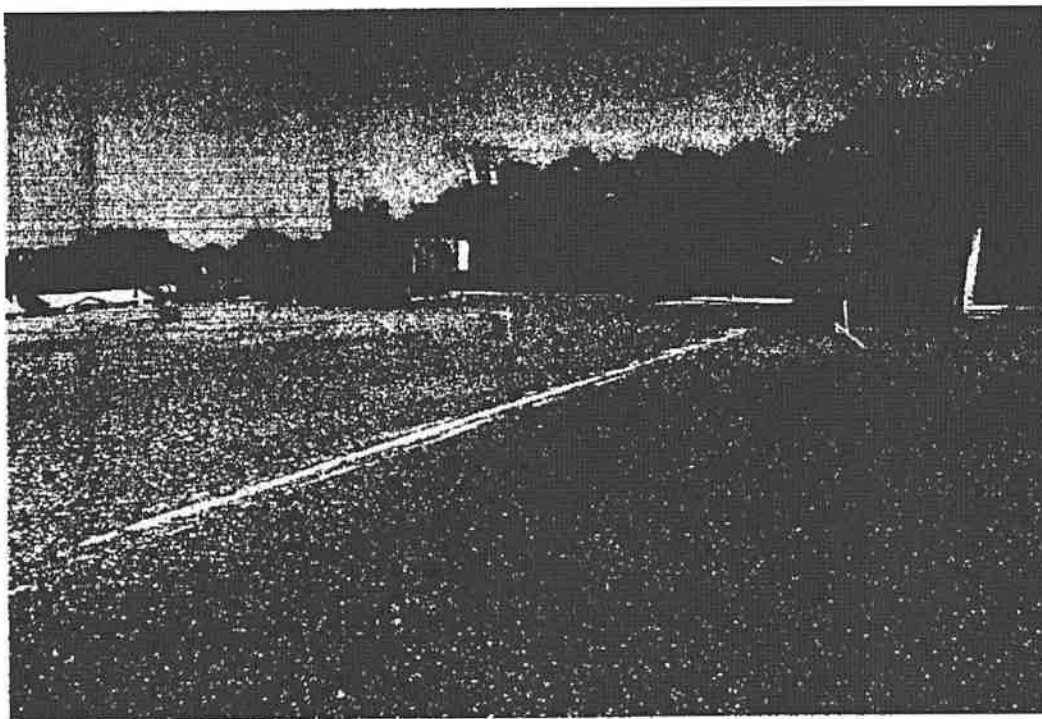


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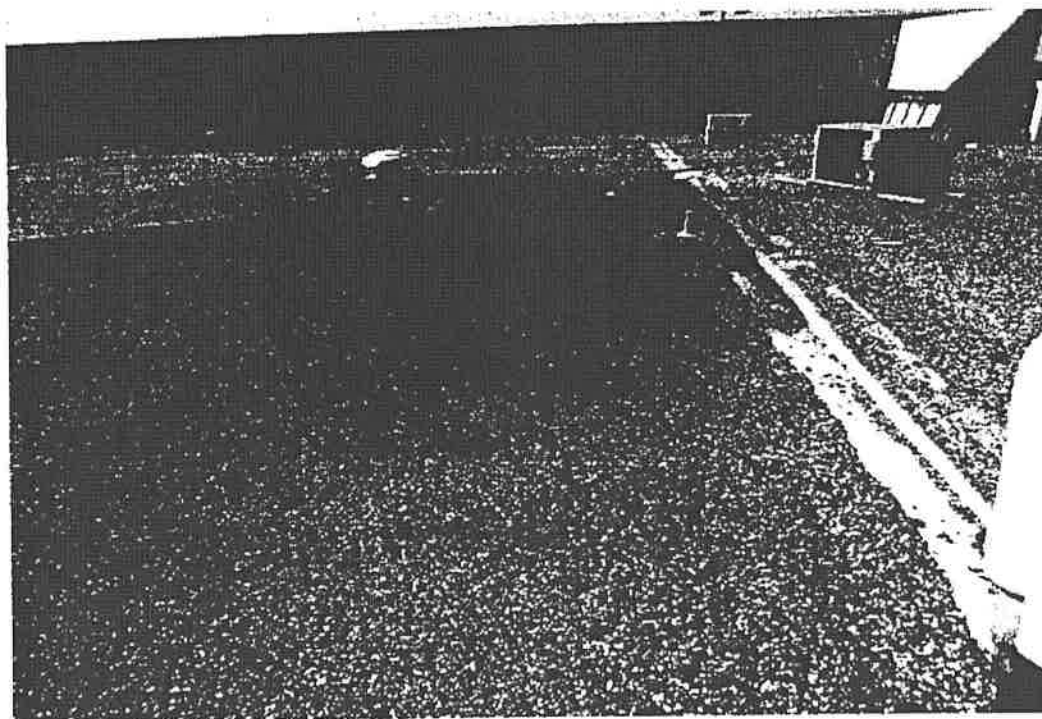


24

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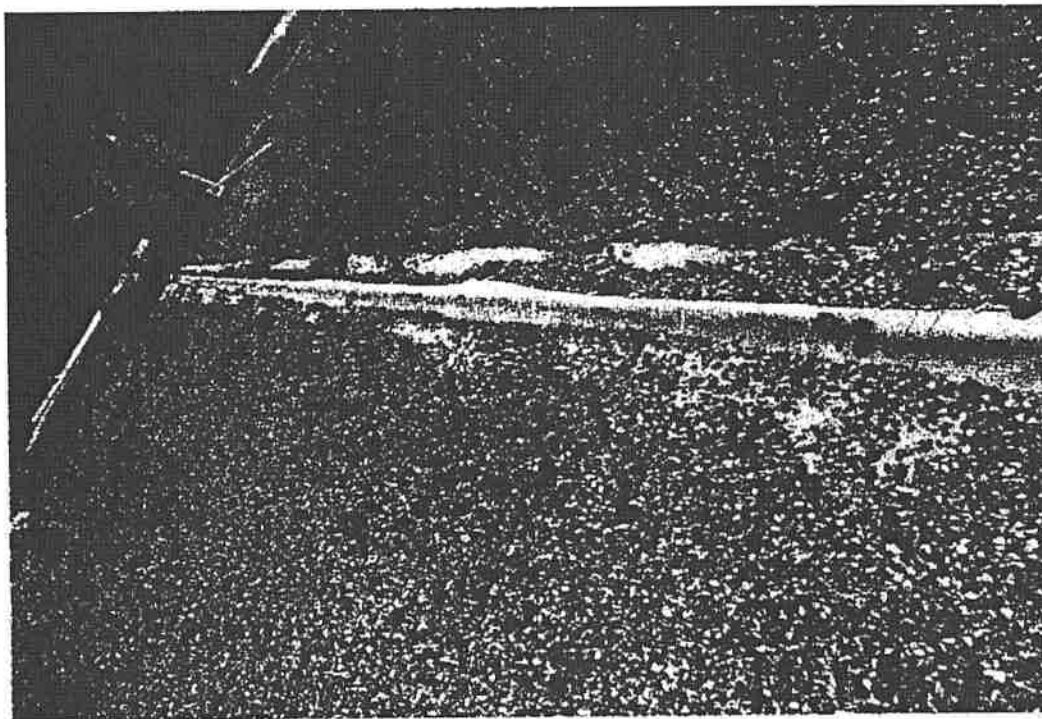


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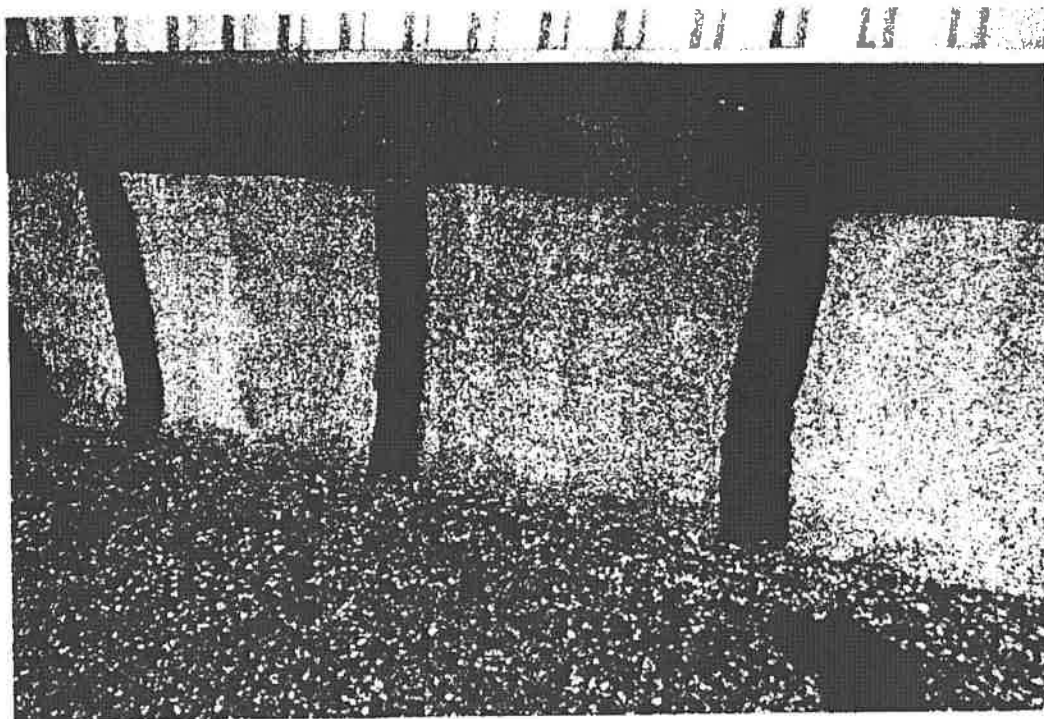


26

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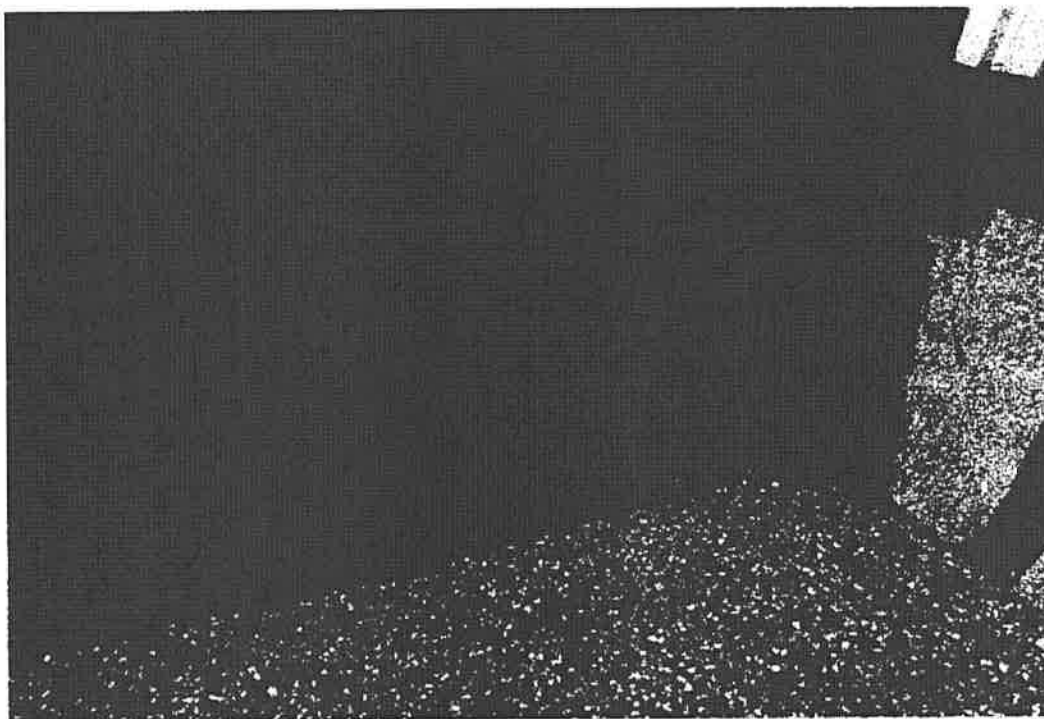


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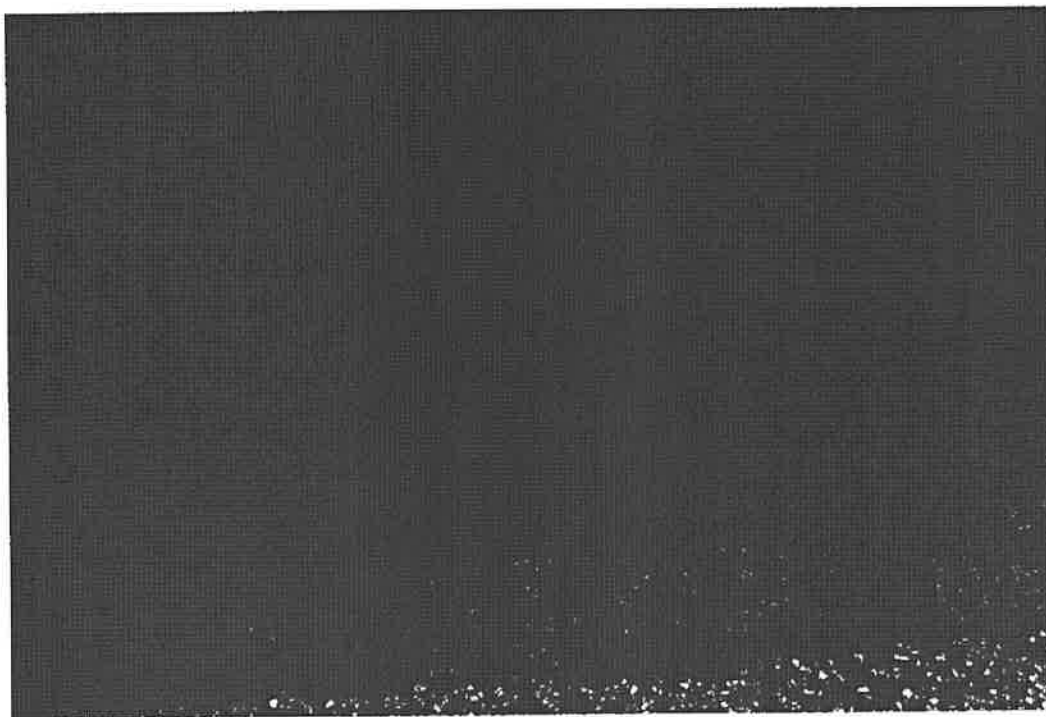


28

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29

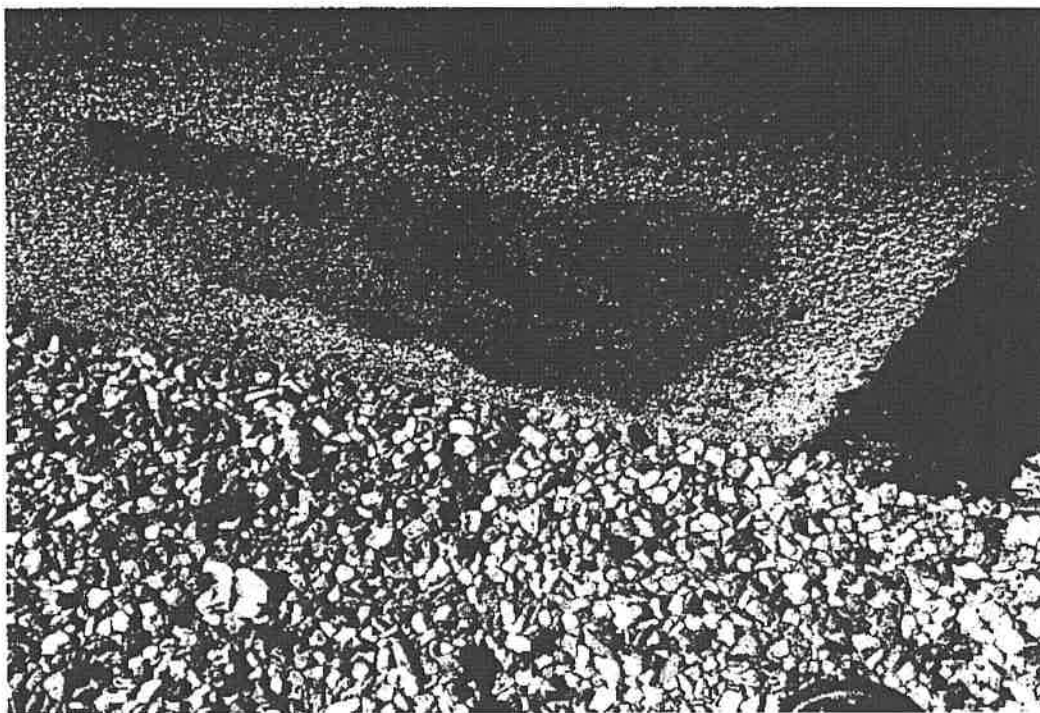


30

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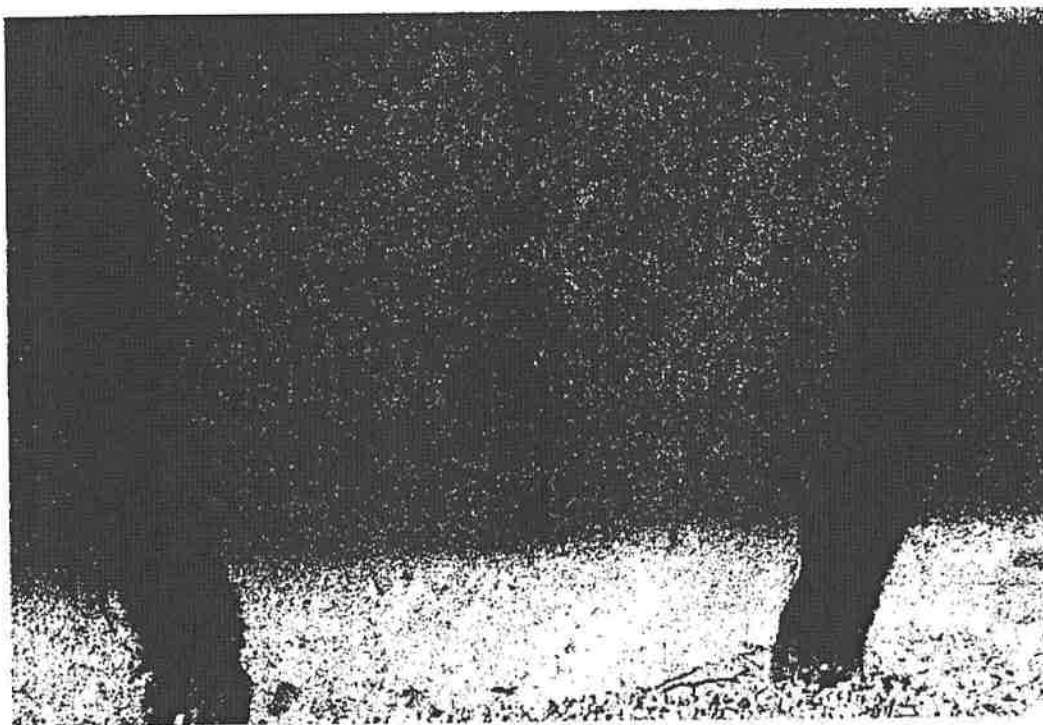


31



32

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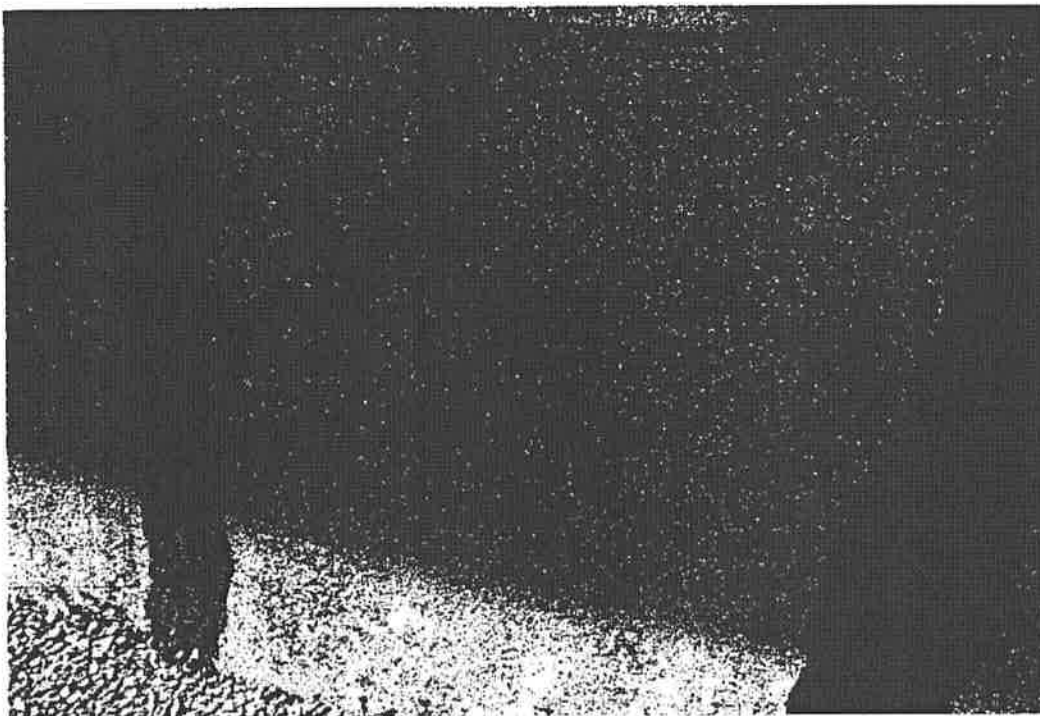


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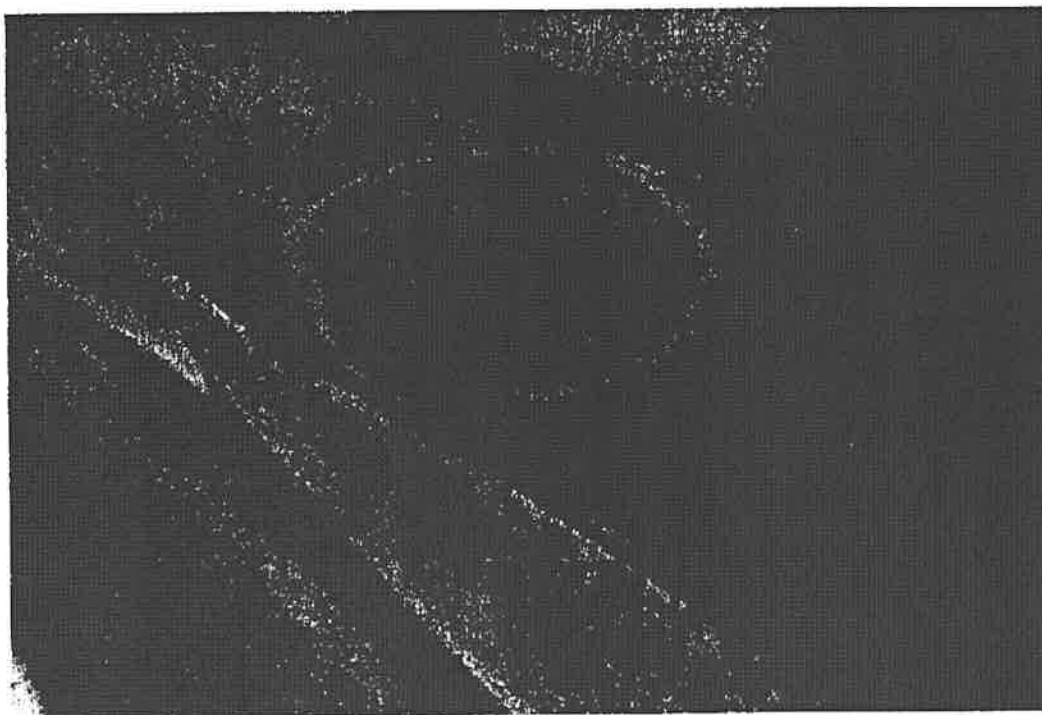


34

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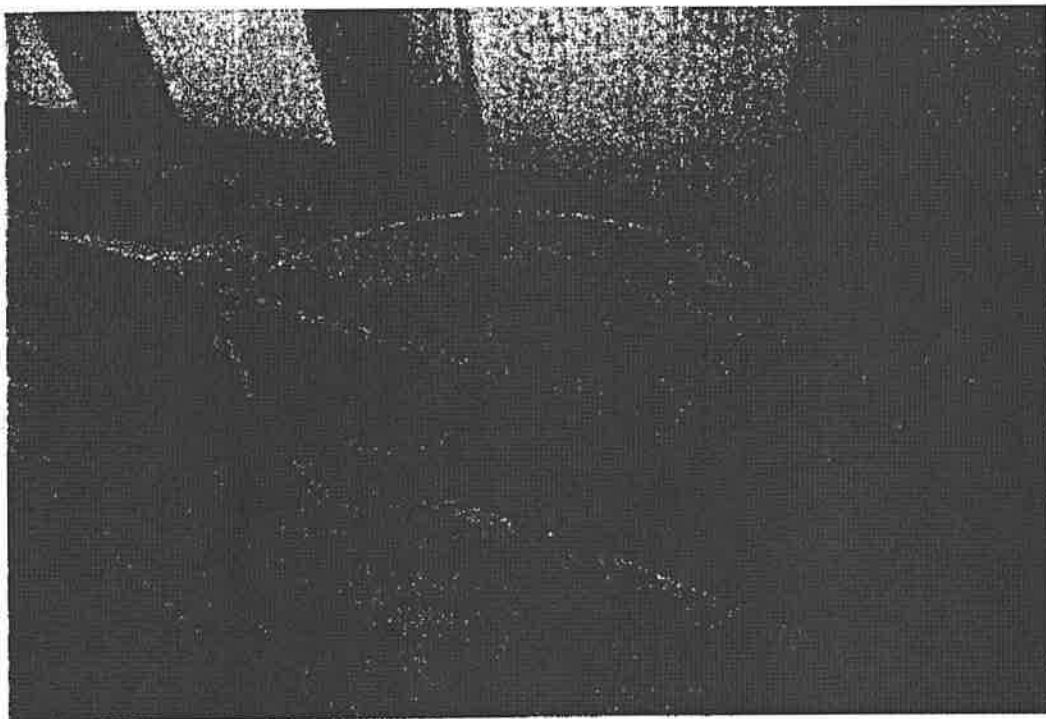


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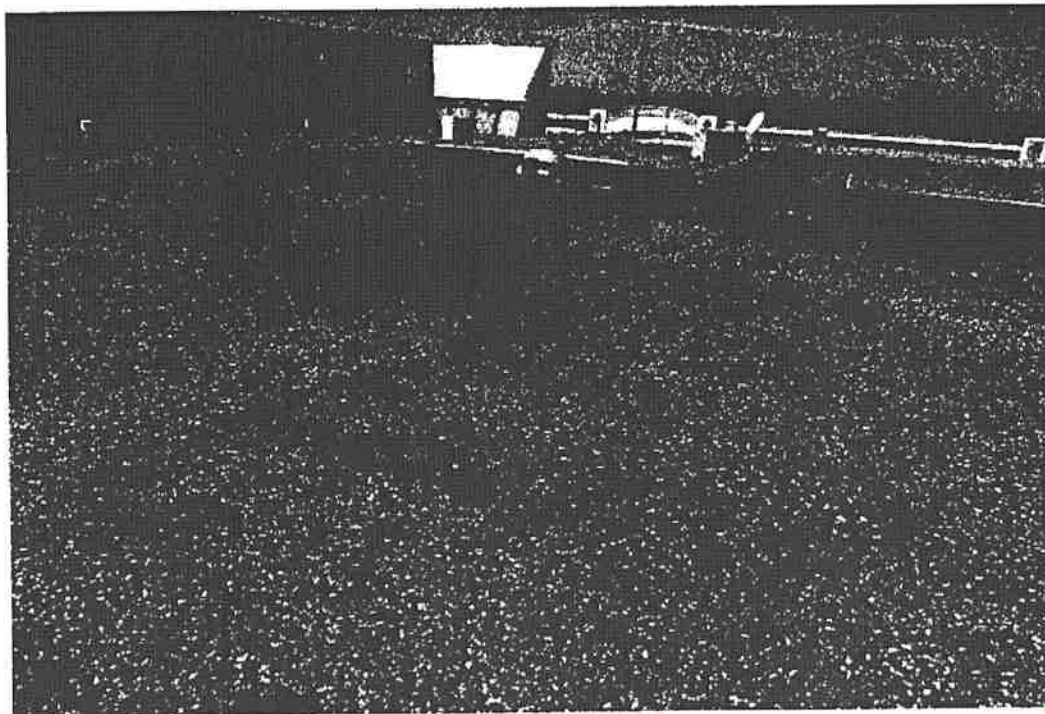


36

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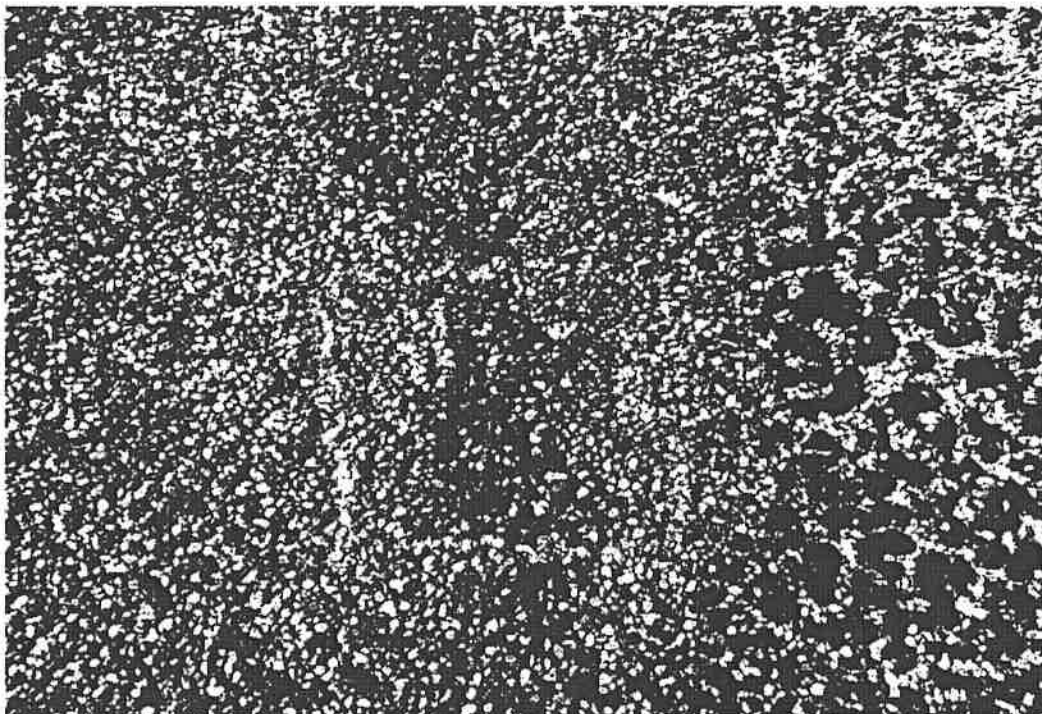


37



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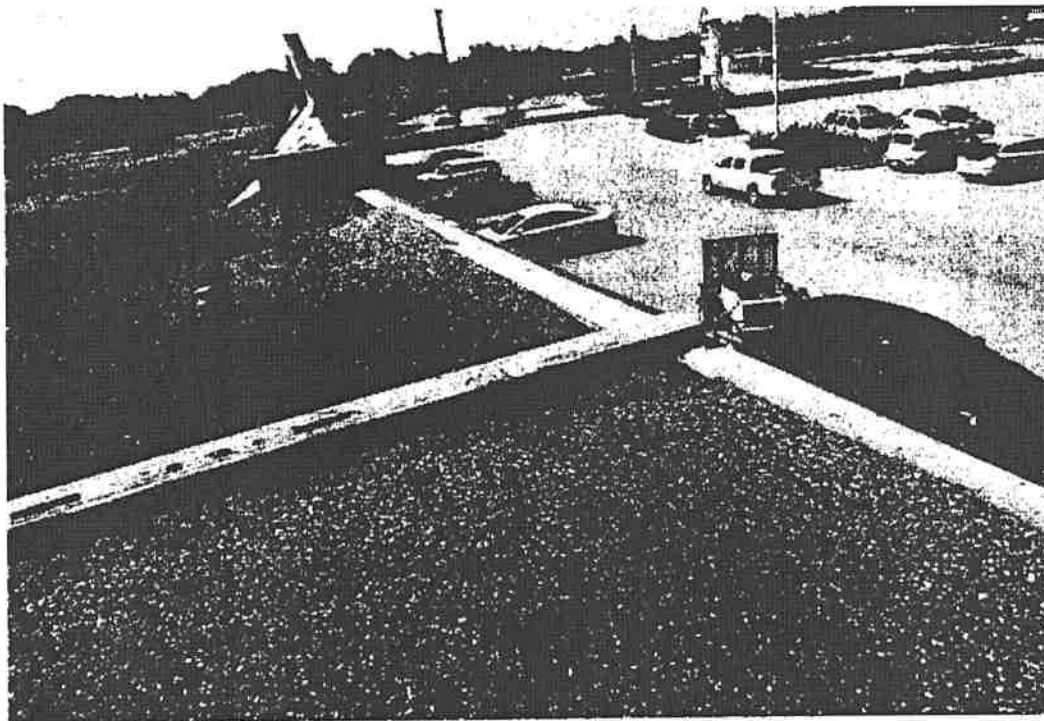


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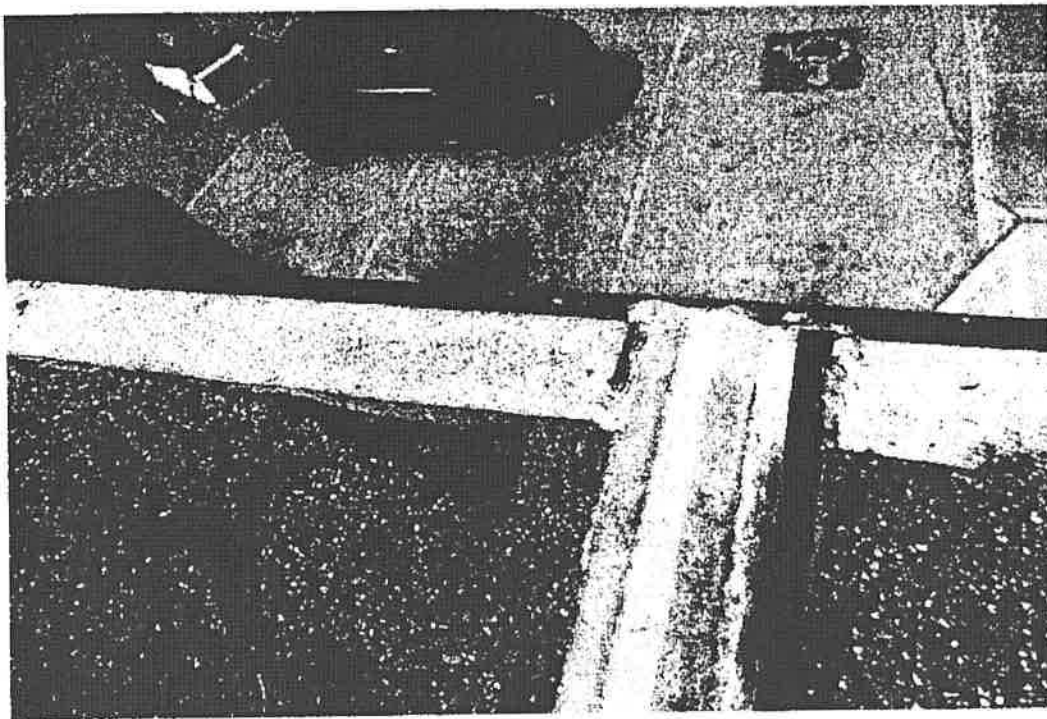


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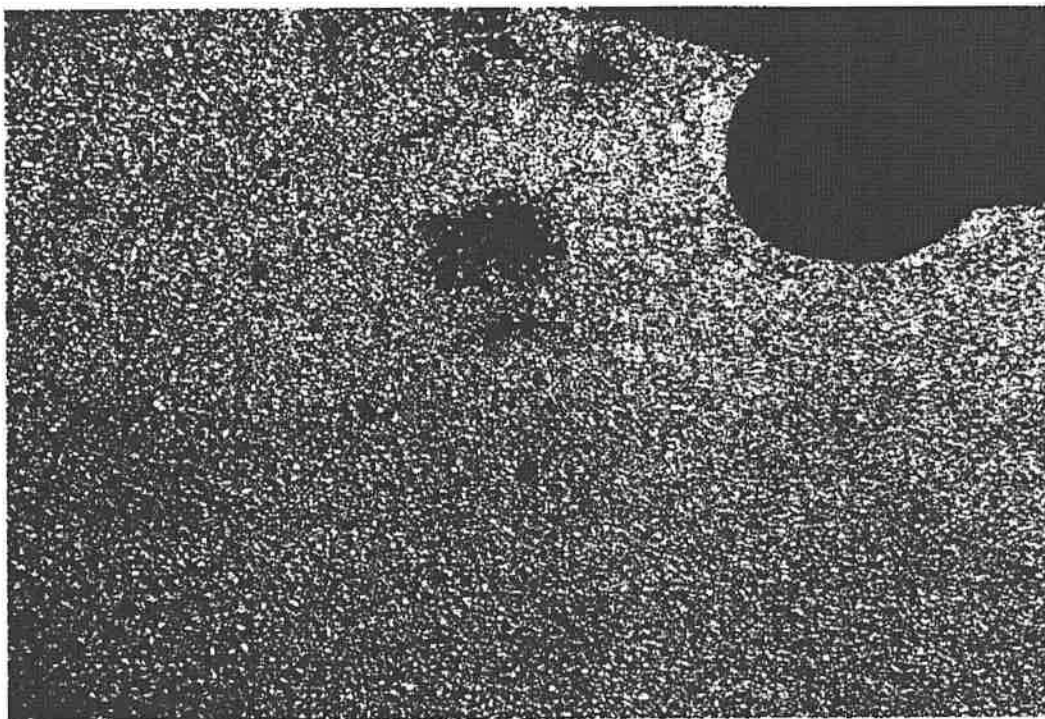


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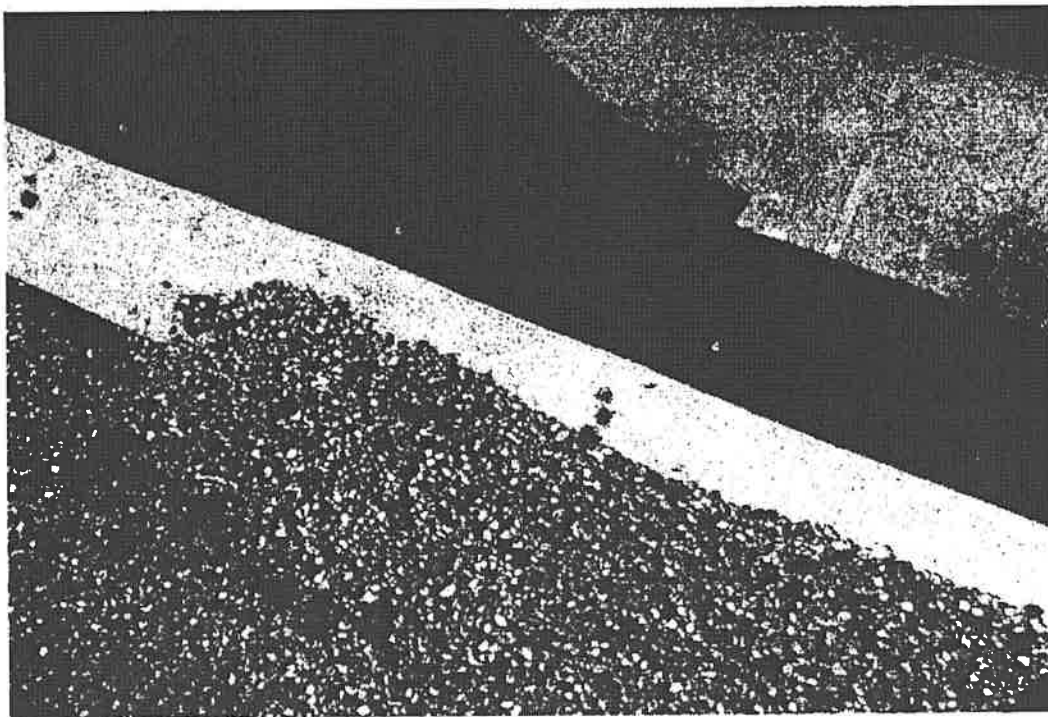


42

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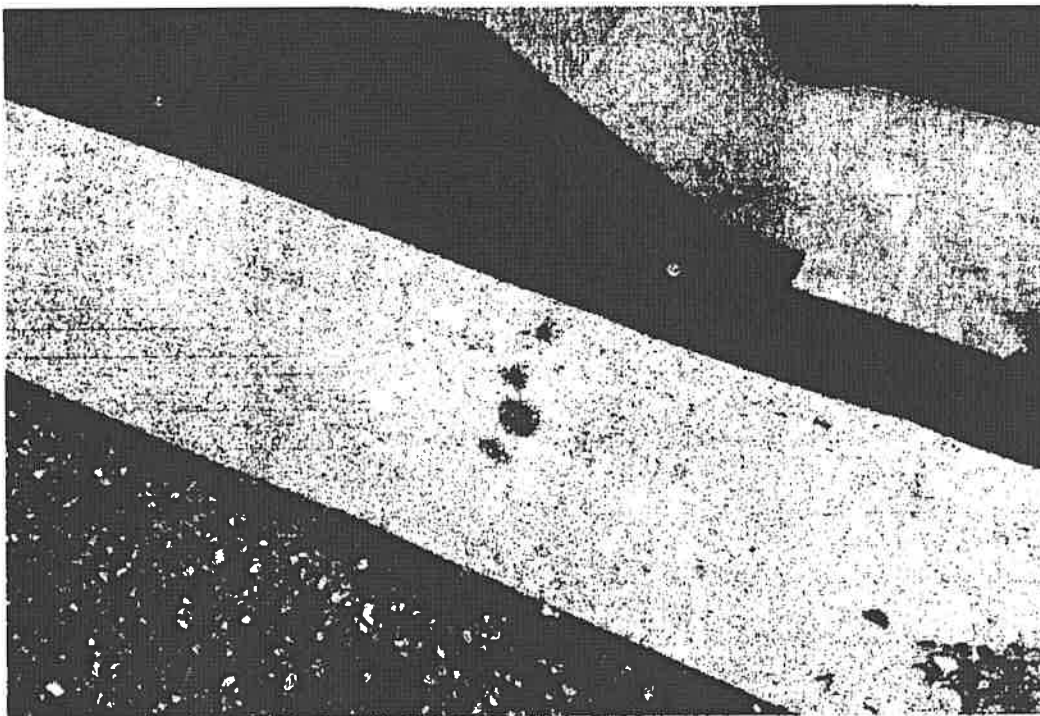


43

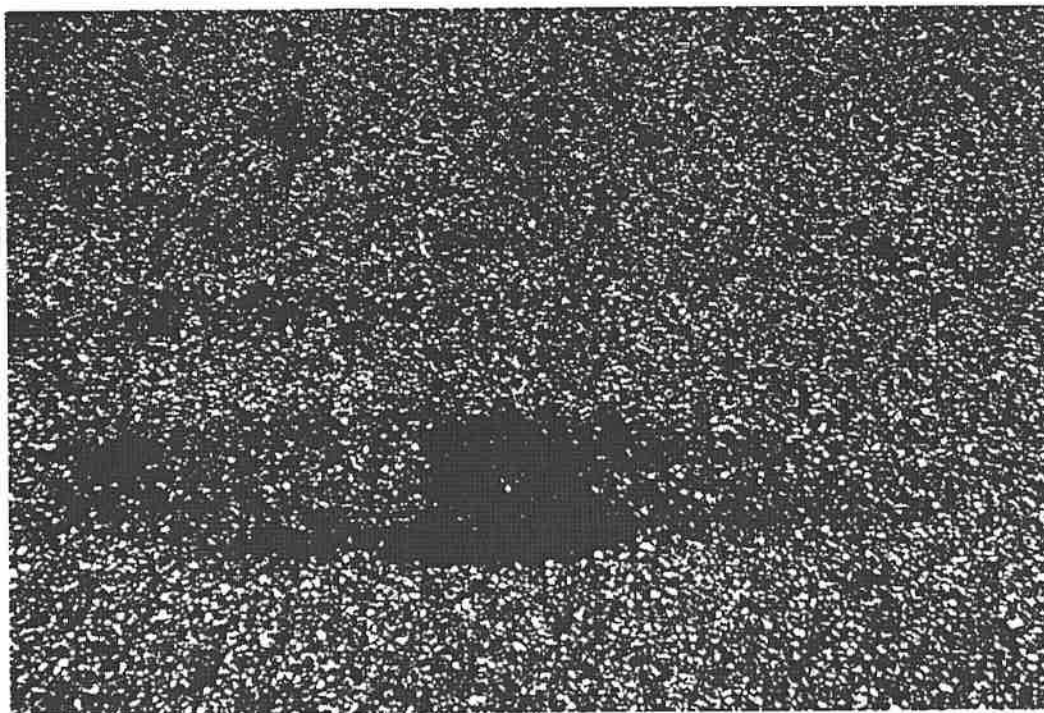


44

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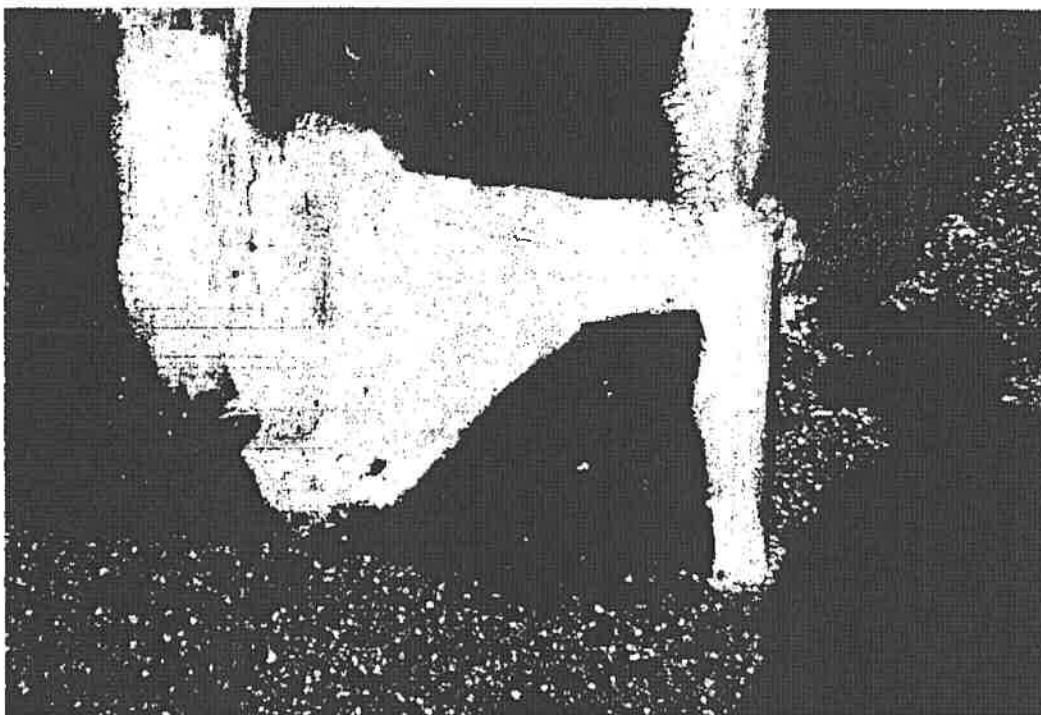


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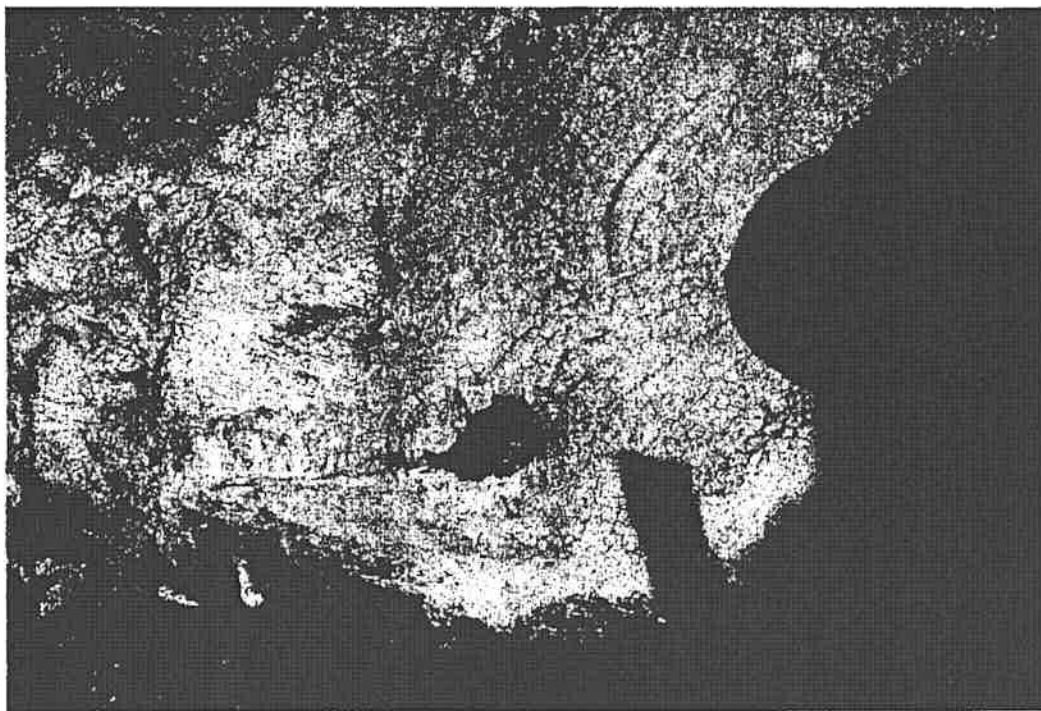


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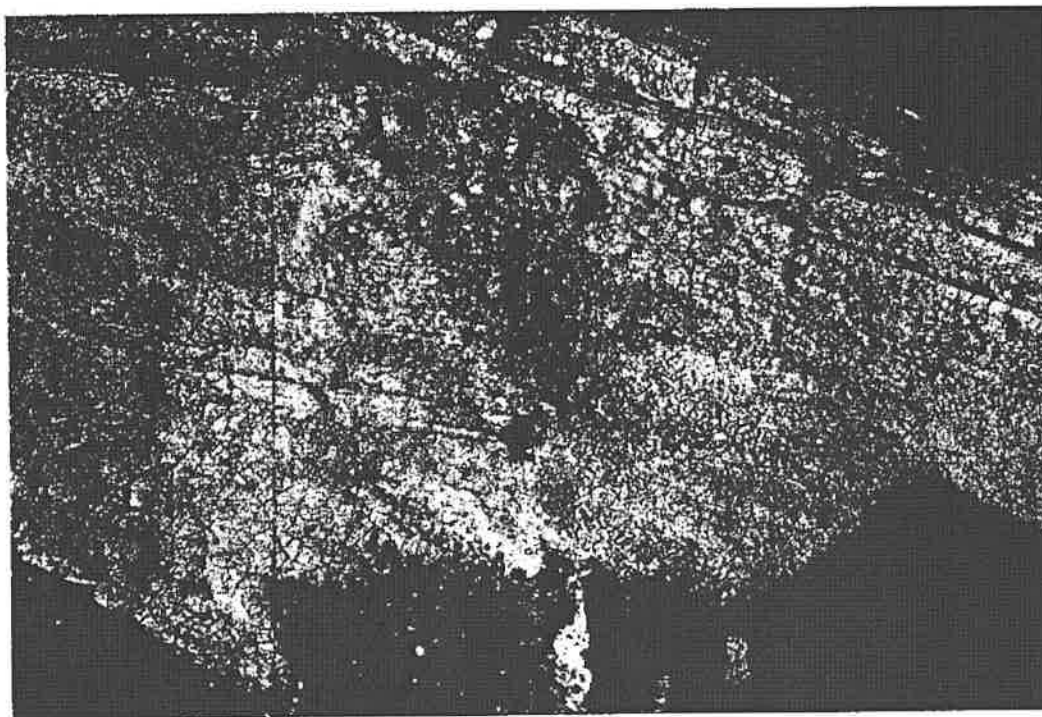


48

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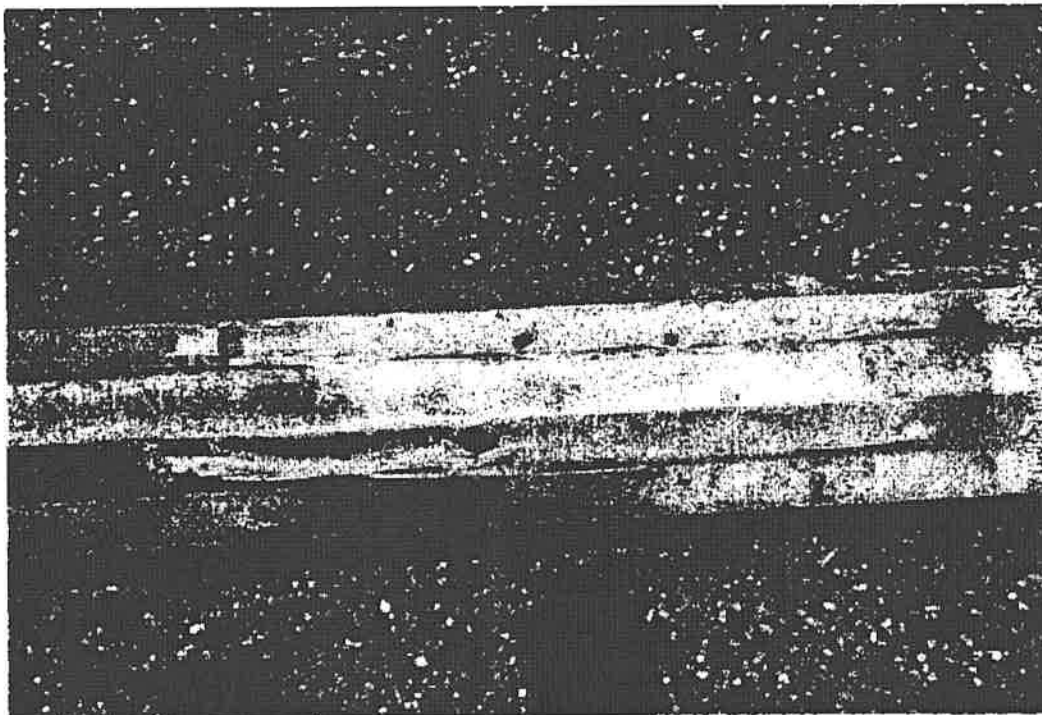


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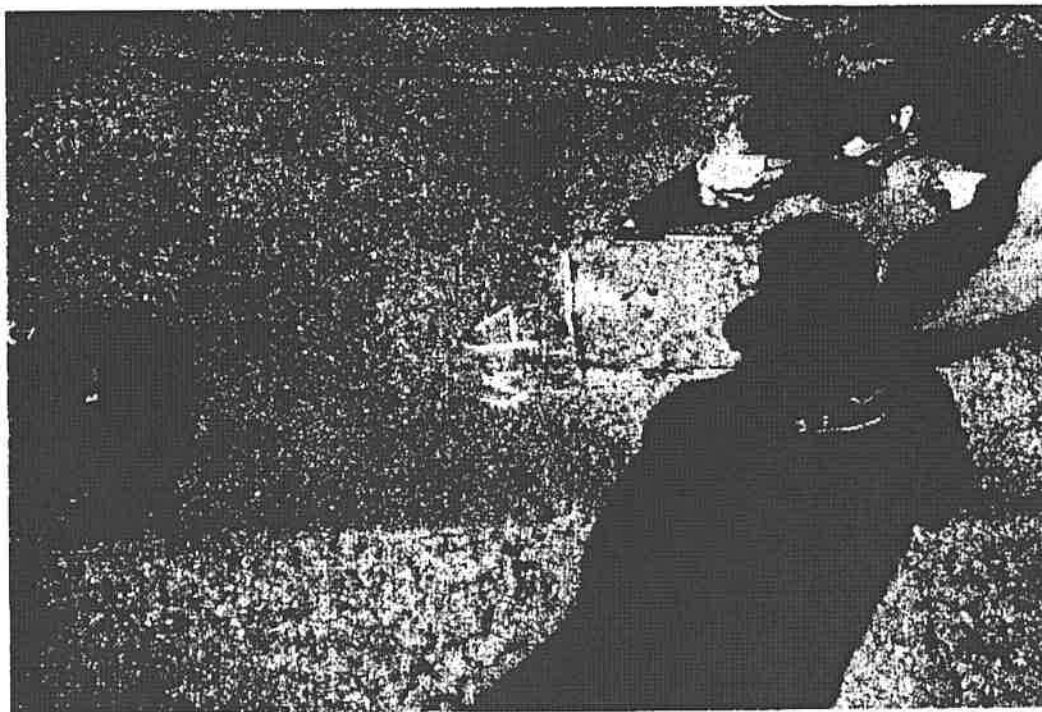


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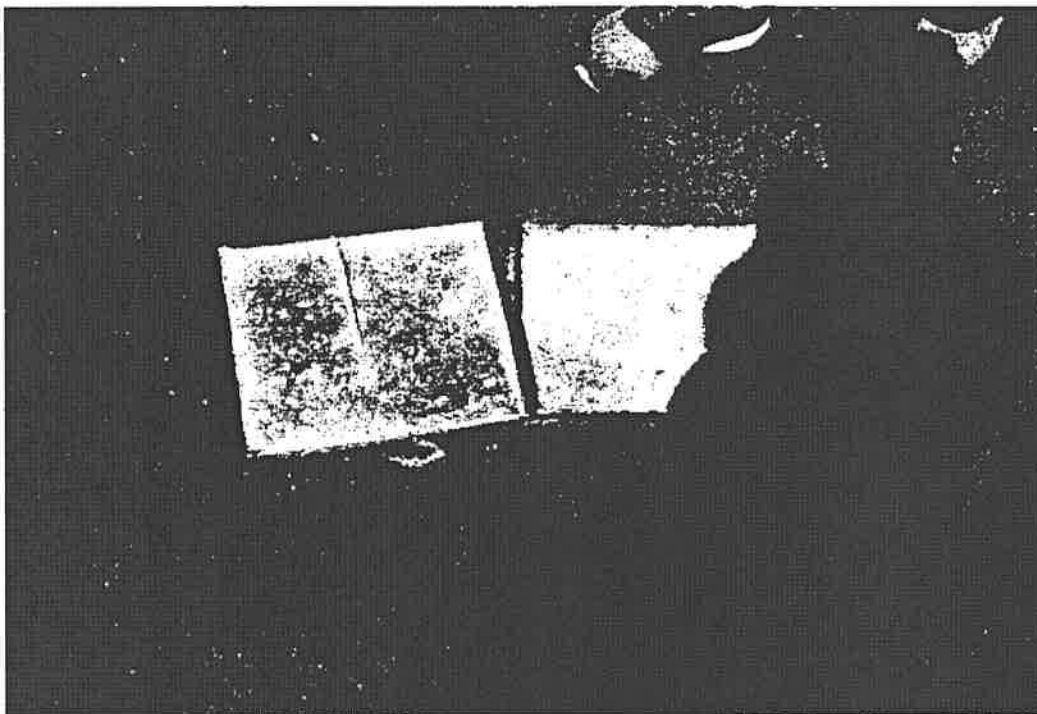


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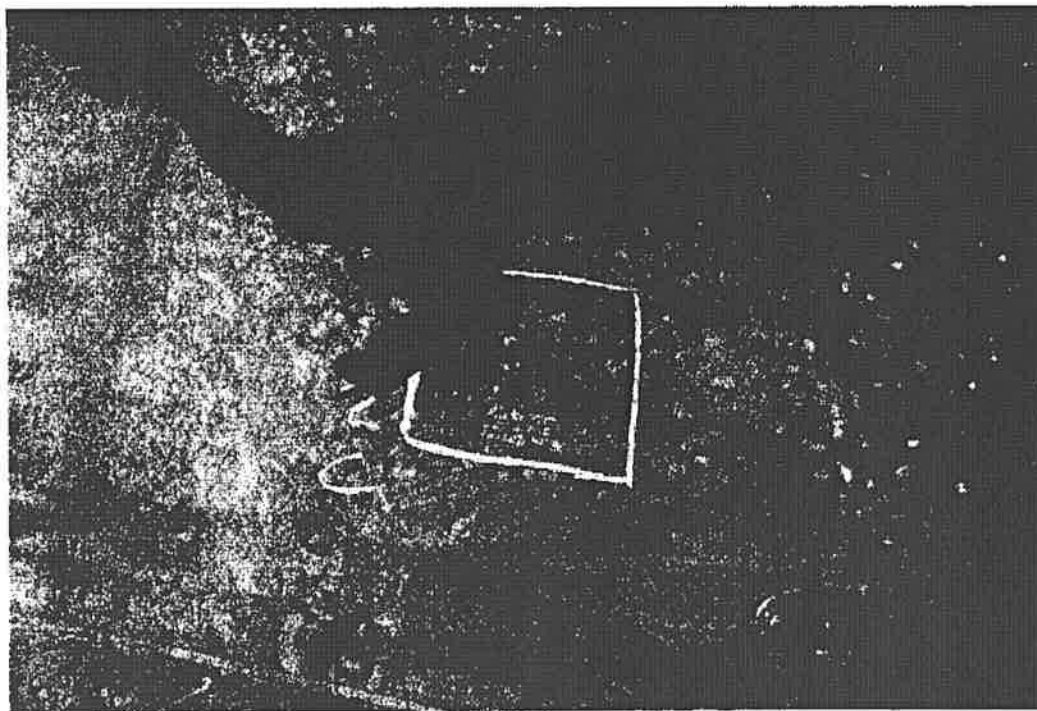


52

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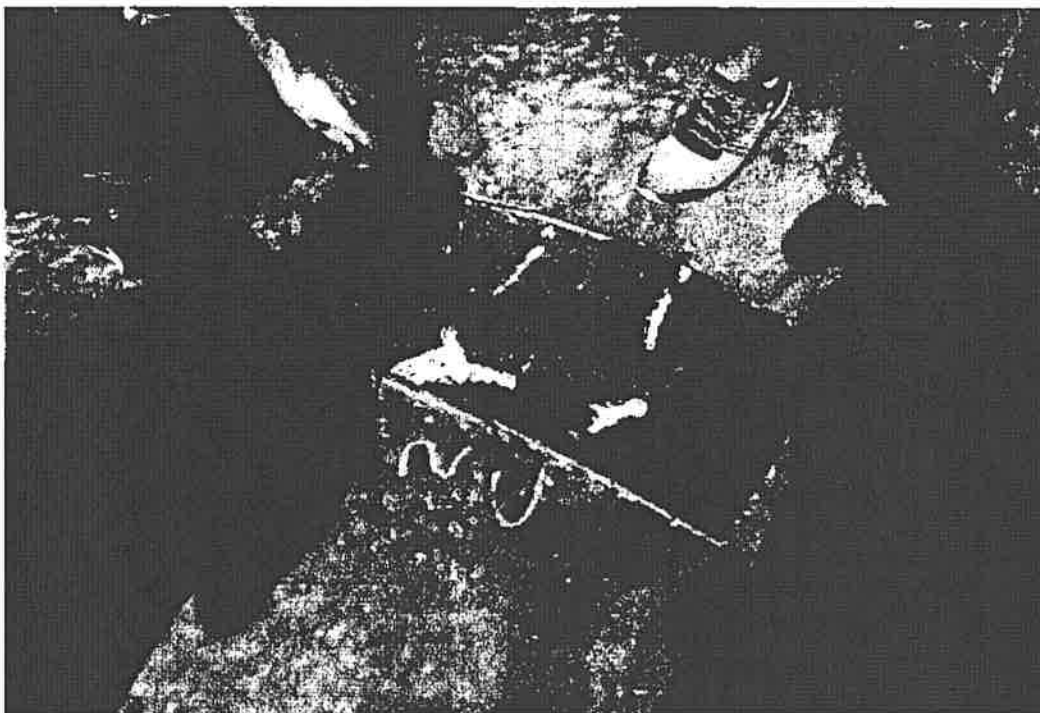


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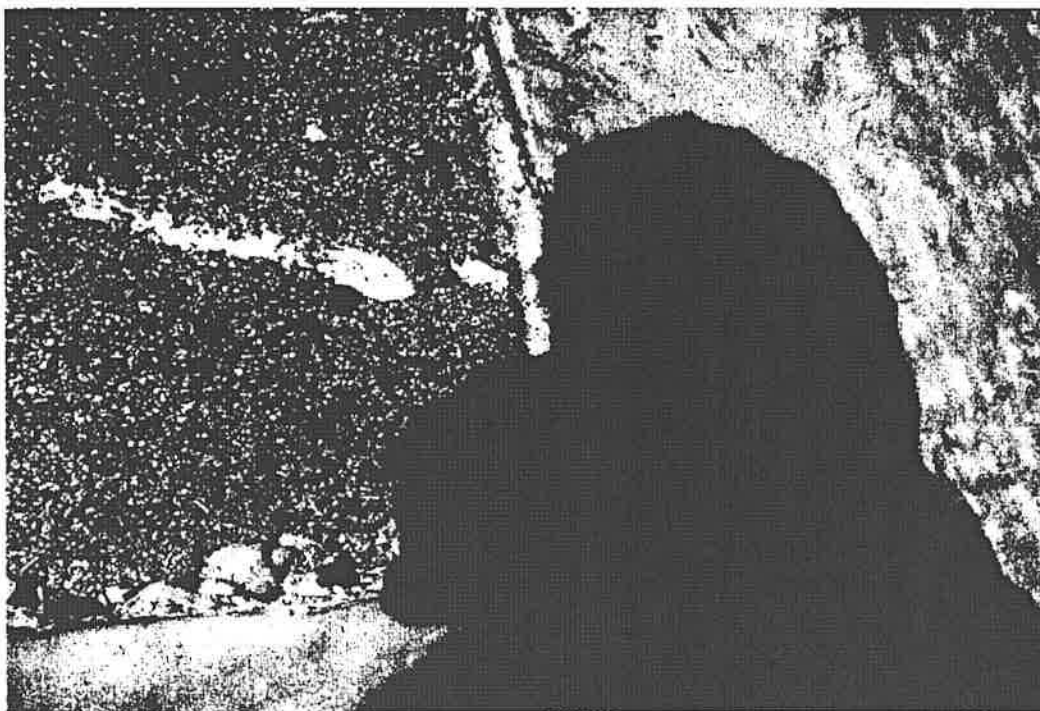


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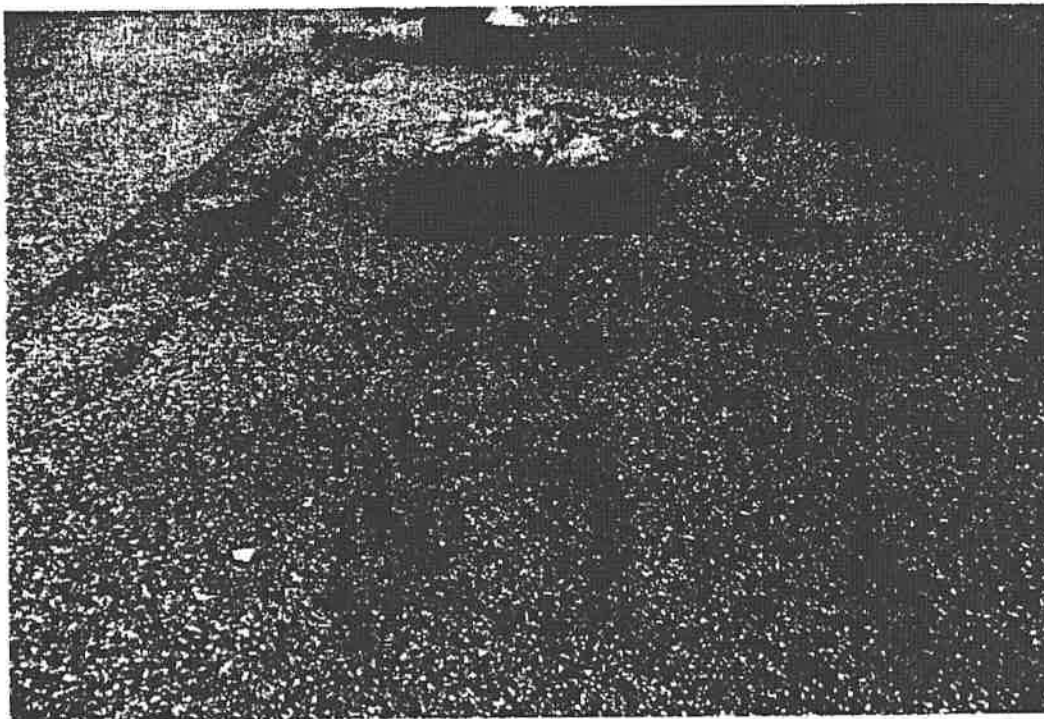


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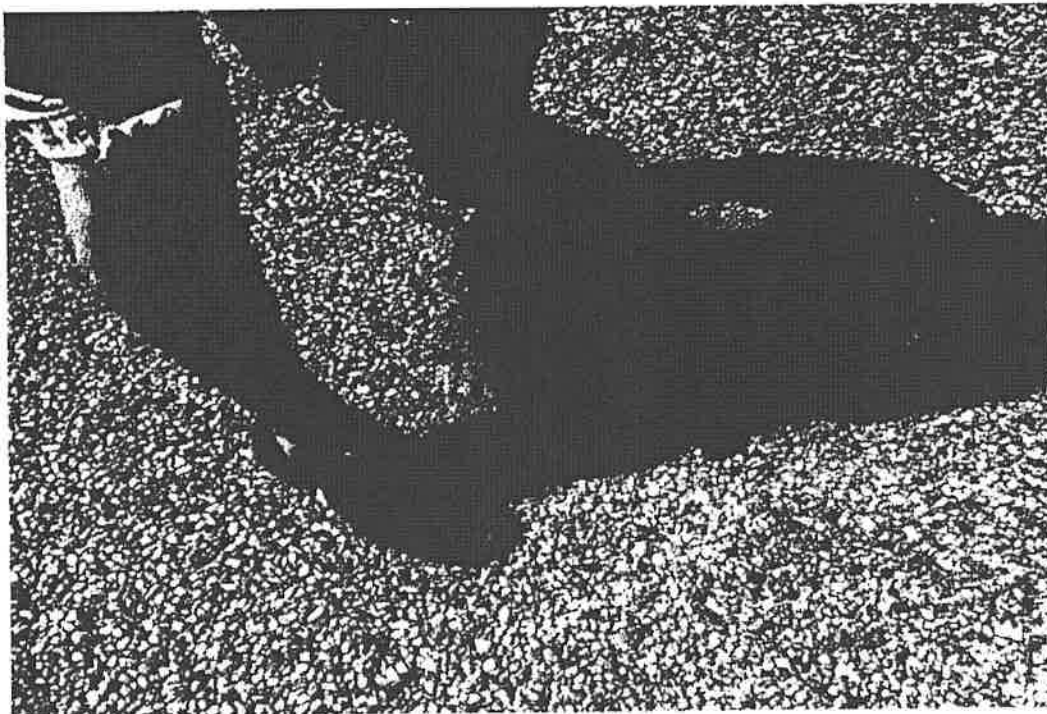


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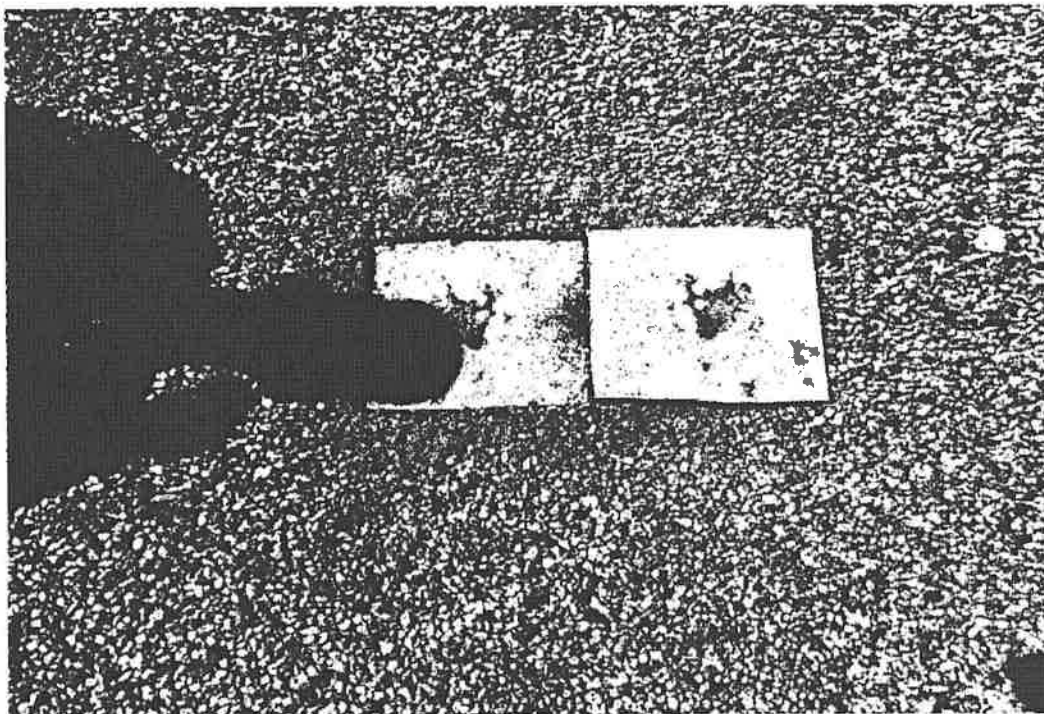


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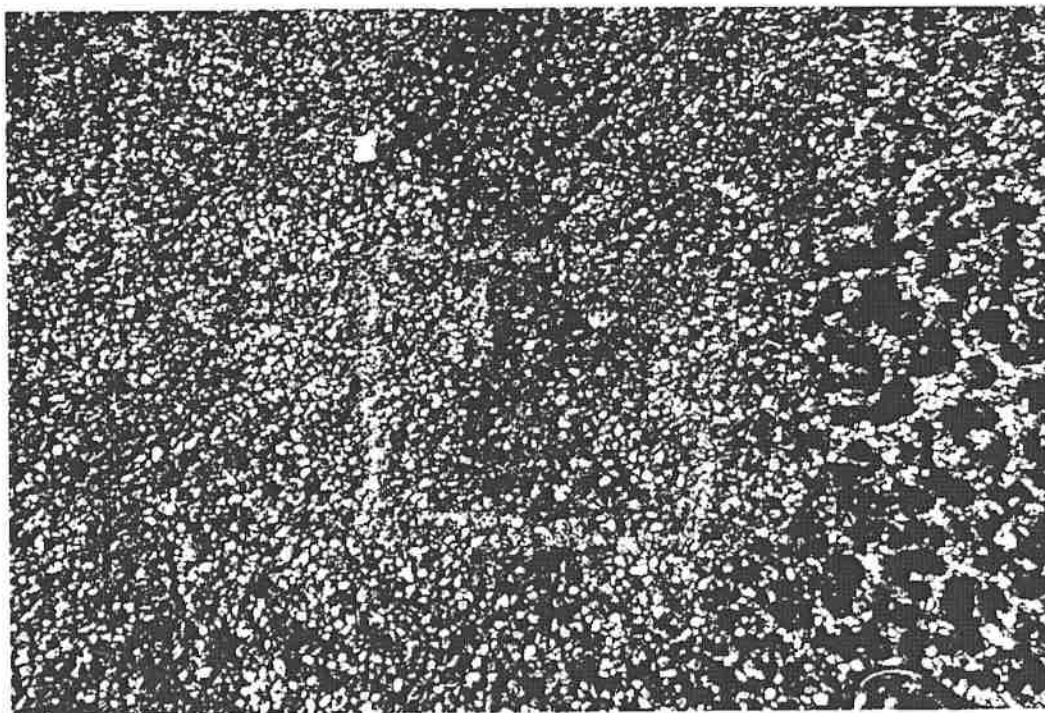


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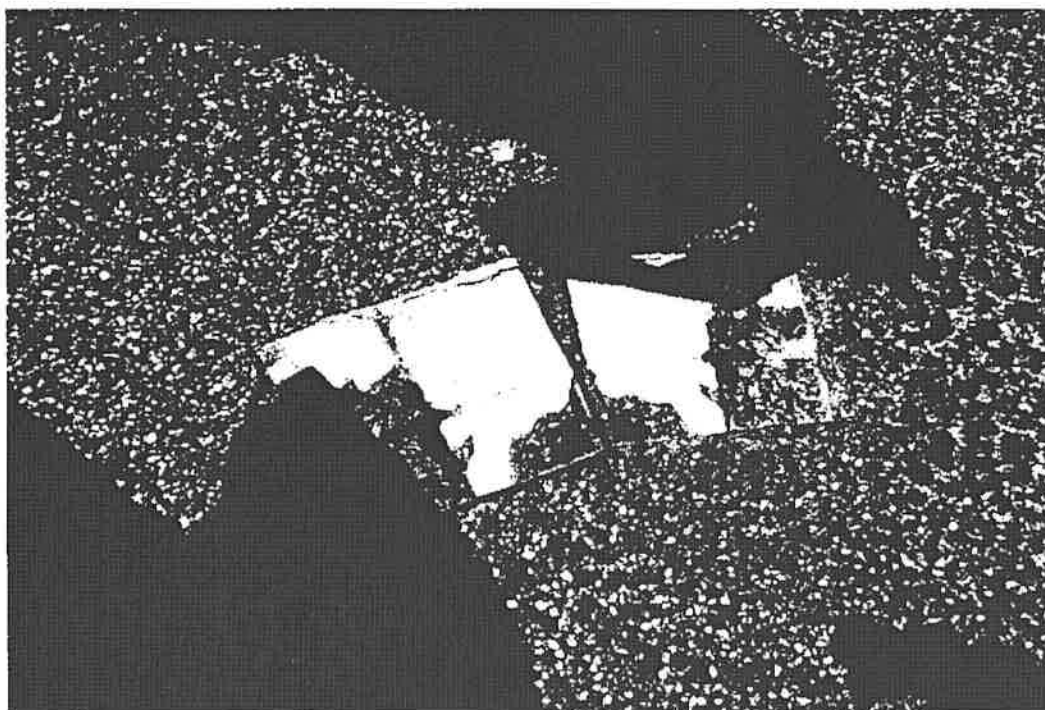


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Appendix B

Hail Verification Report



Weather Verification Services

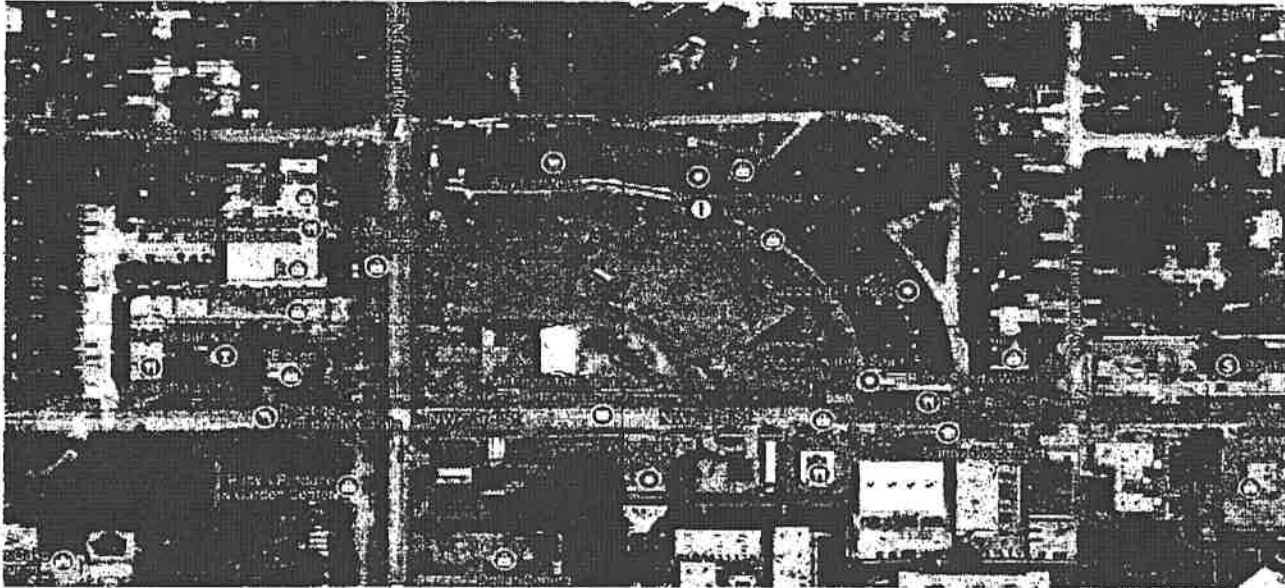
Hail Verification Report

Claim or Reference #	2017.0124
Insured/Property Owner	NGO Love, LLC dba Deville Shopping Center
Address	2408 N Council Rd Bethany, OK
Coordinates	Latitude 35.494419, Longitude -97.652679
Date Range	Jan 01, 2006 to Jan 12, 2017
Report Generated	January 13th, 2017 at 19:53:47 UTC

Storm Events

Date	Estimated Maximum Hail Size			
	At Location	Within 1 Mile	Within 3 Miles	Within 10 Miles
May 27, 2016	0.8"	0.9"	2"	2"
May 16, 2016	--	--	0.75"	0.75"
Feb 29, 2016	--	--	0.75"	0.9"
Mar 31, 2015	--	1"	1.1"	1.3"
Mar 25, 2015	1.3"	1.6"	2.2"	2.2"
Dec 14, 2014	--	--	1"	2"
Jun 5, 2014	--	0.8"	0.8"	0.8"
May 7, 2014	--	--	0.9"	1.7"
Jun 16, 2013	--	--	0.75"	1"
May 31, 2013	0.9"	1"	1.4"	1.8"
May 23, 2013	--	--	0.8"	1"
Apr 26, 2013	--	--	1"	2.2"
Apr 22, 2013	1.1"	1.4"	1.8"	1.8"
Apr 9, 2013	--	--	0.8"	0.9"
Mar 30, 2013	0.8"	0.9"	1.1"	1.4"
Mar 9, 2013	--	--	0.8"	0.8"

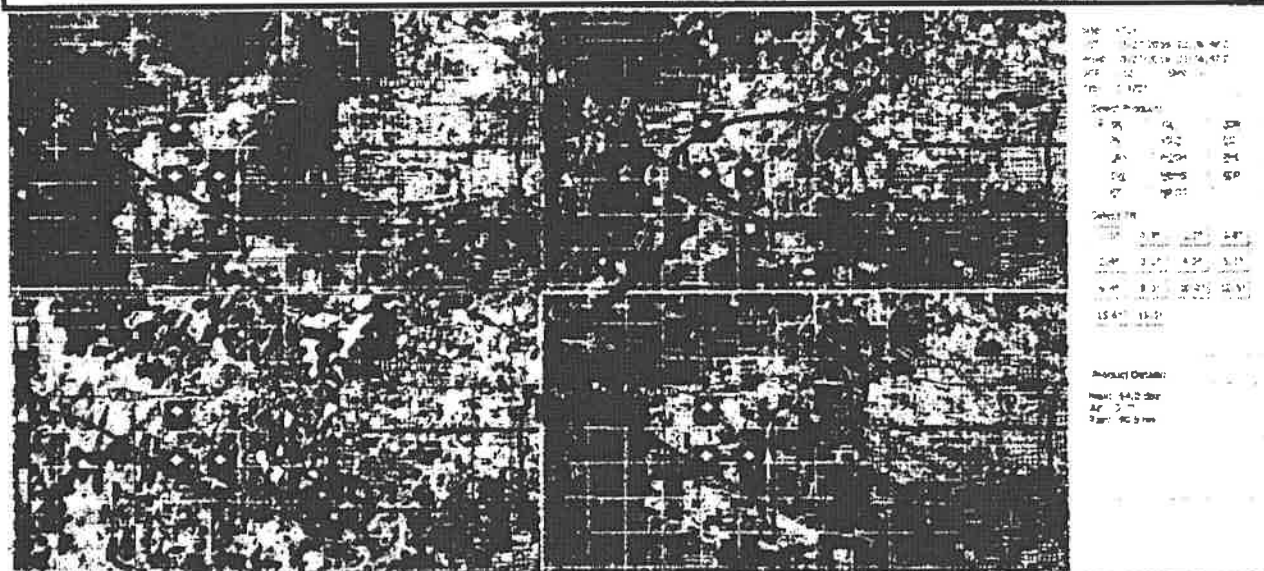
Hail Impacts Report



Report Created By Meteorologist John Choquette

Address:	2408 N Council Rd, Bethany, OK 73008
Most Recent Hail:	Date: May 27, 2016 Duration: 6:36 PM - 6:38 PM Size: 1.75"
Other Hail Information:	Description: On the evening of May 27, a fast moving storm moved through the area. Hail up to 2.25" fell in the core of the storm a few miles from the location. The storm brushed just by the location leading to the possibility of hail up to golf ball size falling briefly at the location.

Radar Estimated Hail Signatures



Storm Reports For The Region

Time	Event	Magnitude	City	County
2016-05-27 23:25	HAIL	1	1 S YUKON	CANADIAN
2016-05-27 23:29	HAIL	1.75	YUKON	CANADIAN
2016-05-27 23:35	HAIL	1.75	2 SE YUKON	CANADIAN
2016-05-27 23:35	HAIL	2.25	2 SE YUKON	CANADIAN
2016-05-27 23:45	HAIL	2	2 E YUKON	CANADIAN

2016-05-27 23:50	HAIL	1	WARR ACRES	OKLAHOMA
2016-05-27 23:55	HAIL	1	4 WSW EDMOND	OKLAHOMA

Warning For The Region

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WWUS54 KOUN 272331
SVSOUN

SEVERE WEATHER STATEMENT
NATIONAL WEATHER SERVICE NORMAN OK
631 PM CDT FRI MAY 27 2016

OKC051-087-272340-
/O.CAN.KOUN.SV.W.0422.000000T0000Z-160528T0000Z/
MCCLAIN OK-GRADY OK-
631 PM CDT FRI MAY 27 2016

...THE SEVERE THUNDERSTORM WARNING FOR NORTHWESTERN MCCLAIN AND
NORTHEASTERN GRADY COUNTIES IS CANCELLED...

THE SEVERE THUNDERSTORM WHICH PROMPTED THE WARNING HAS MOVED OUT OF
THE WARNED AREA. THEREFORE THE WARNING HAS BEEN CANCELLED.

LAT...LON 3534 9764 3536 9778 3546 9787 3570 9777
3586 9753 3558 9742
TIME...MOT...LOC 2330Z 214DEG 32KT 3545 9771

\$\$

OKC017-027-109-280000-
/O.CON.KOUN.SV.W.0422.000000T0000Z-160528T0000Z/
OKLAHOMA OK-CANADIAN OK-CLEVELAND OK-
631 PM CDT FRI MAY 27 2016

...A SEVERE THUNDERSTORM WARNING REMAINS IN EFFECT UNTIL 700 PM CDT
FOR WESTERN OKLAHOMA...EASTERN CANADIAN AND NORTHWESTERN CLEVELAND
COUNTIES...

AT 630 PM CDT...A SEVERE THUNDERSTORM WAS LOCATED OVER WESTERN
OKLAHOMA CITY...OR NEAR YUKON...MOVING NORTHEAST AT 35 MPH.

HAZARD...GOLF BALL SIZE HAIL AND 60 MPH WIND GUSTS.

SOURCE...EMERGENCY MANAGEMENT.

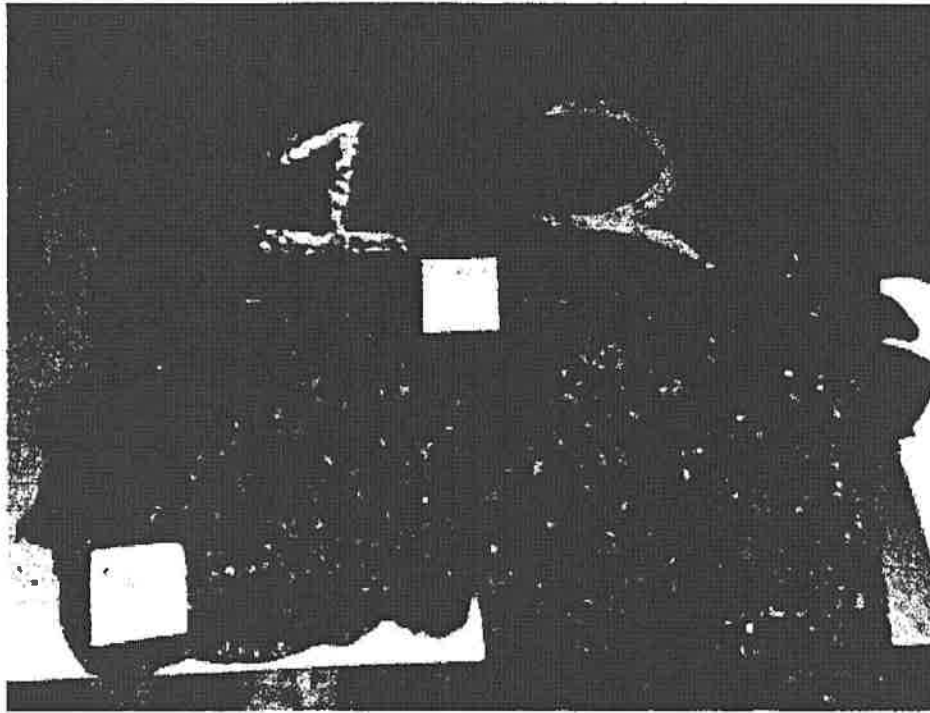
IMPACT...PEOPLE AND ANIMALS OUTDOORS WILL BE INJURED. EXPECT HAIL
DAMAGE TO ROOFS...SIDING...WINDOWS...AND VEHICLES. EXPECT WIND
DAMAGE TO ROOFS...SIDING...AND TREES.

LOCATIONS IMPACTED INCLUDE...
WESTERN OKLAHOMA CITY...SOUTHWESTERN EDMOND...YUKON...BETHANY...MUSTANG...
WARR ACRES...THE VILLAGE...PIEDMONT...NICHOLS HILLS...WOODLAWN PARK AND

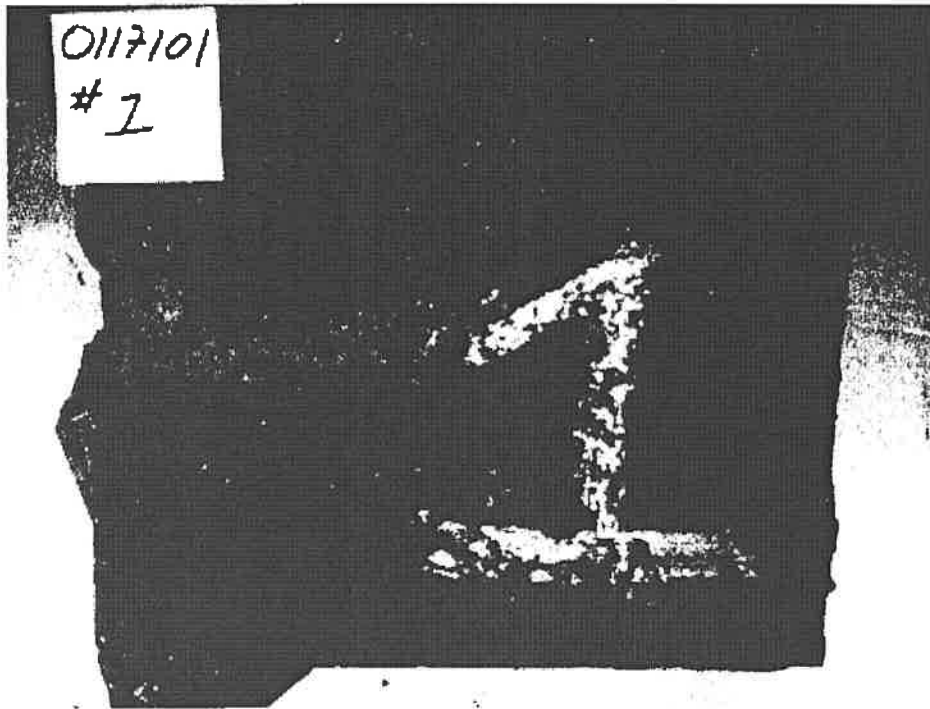
Appendix C

Roof Sample Photographs

Appendix C – Roof Samples

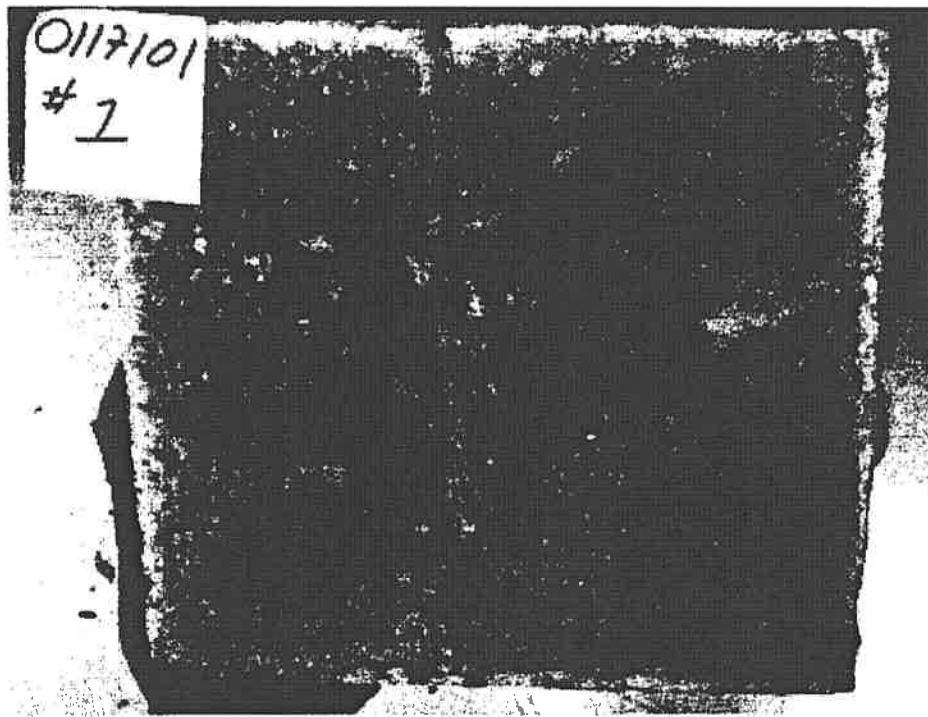


1 – All Samples

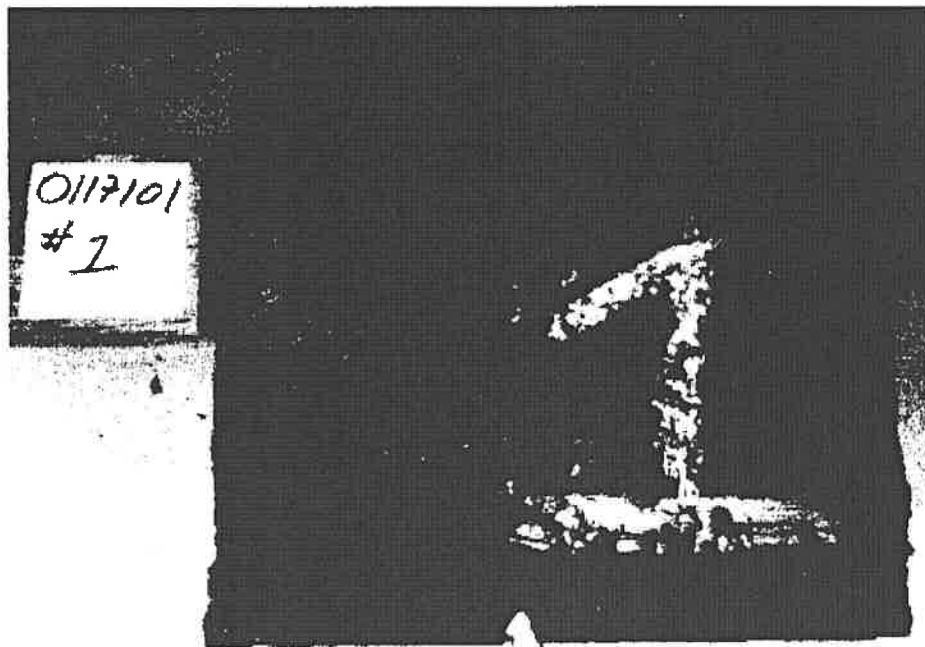


2 – Sample #1 – Before Impact Simulations

Appendix C – Roof Samples

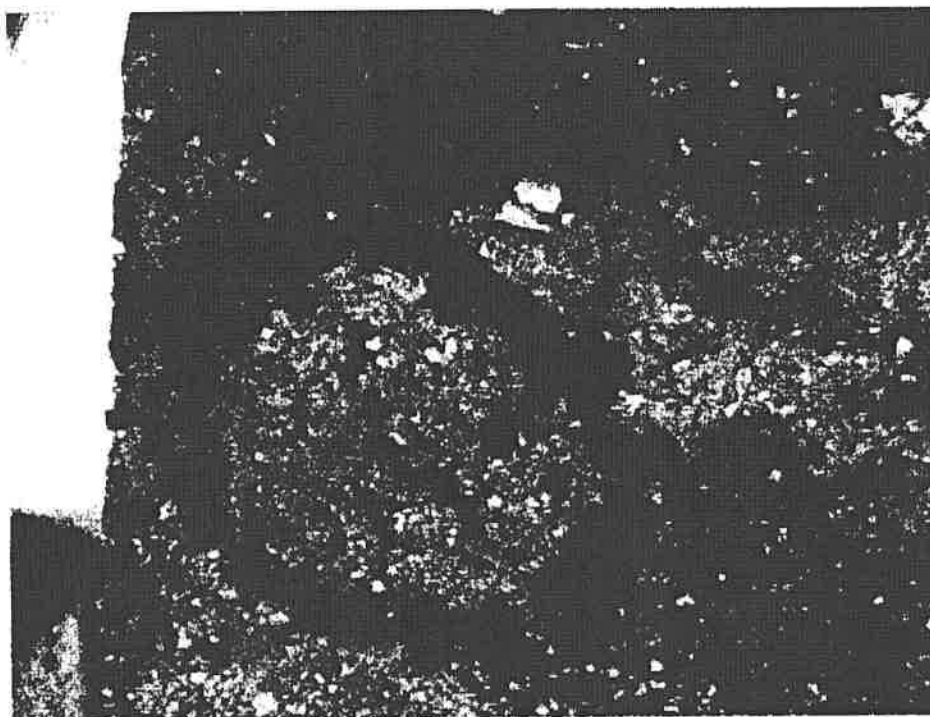


3 – Sample #1 Back



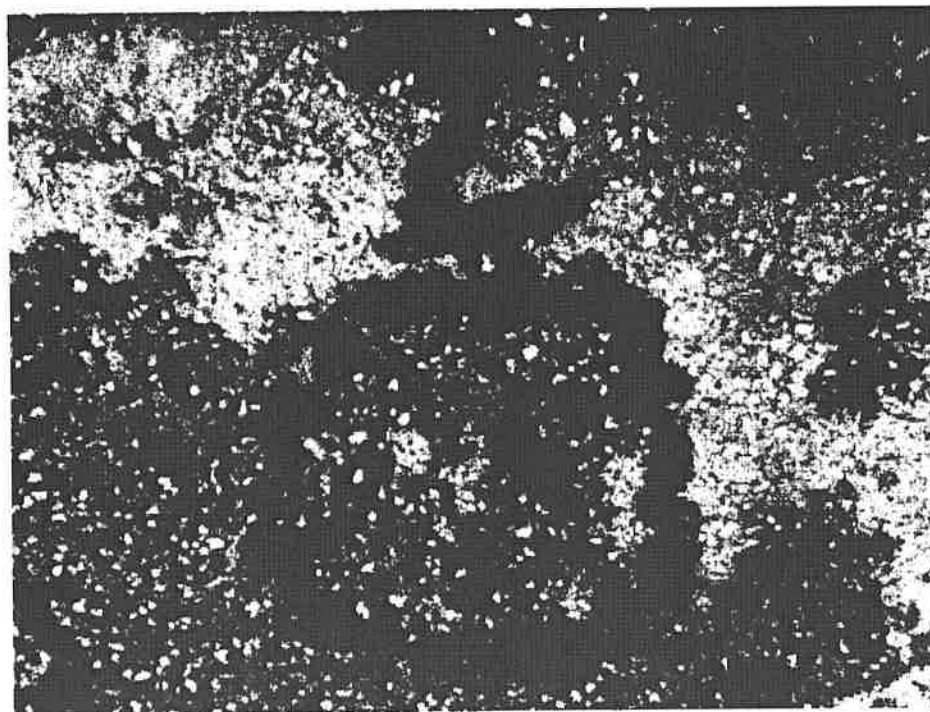
4 – Sample #1 – Before Impact Simulations

Appendix C – Roof Samples



5.4 KE

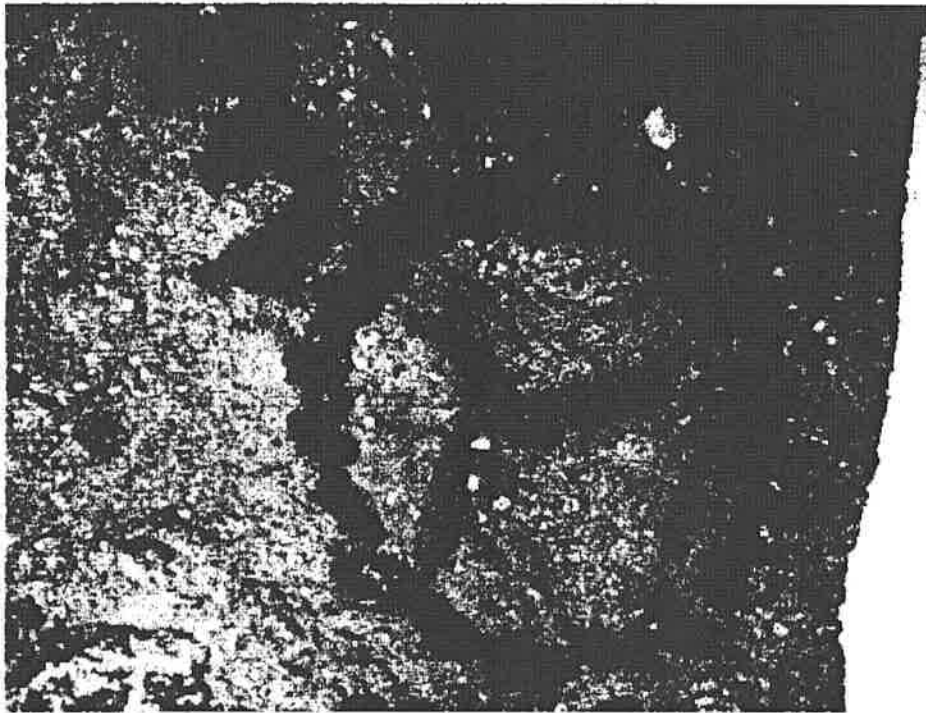
5 – Sample #1 – 1st Simulation – 1.5”



12.5 KE

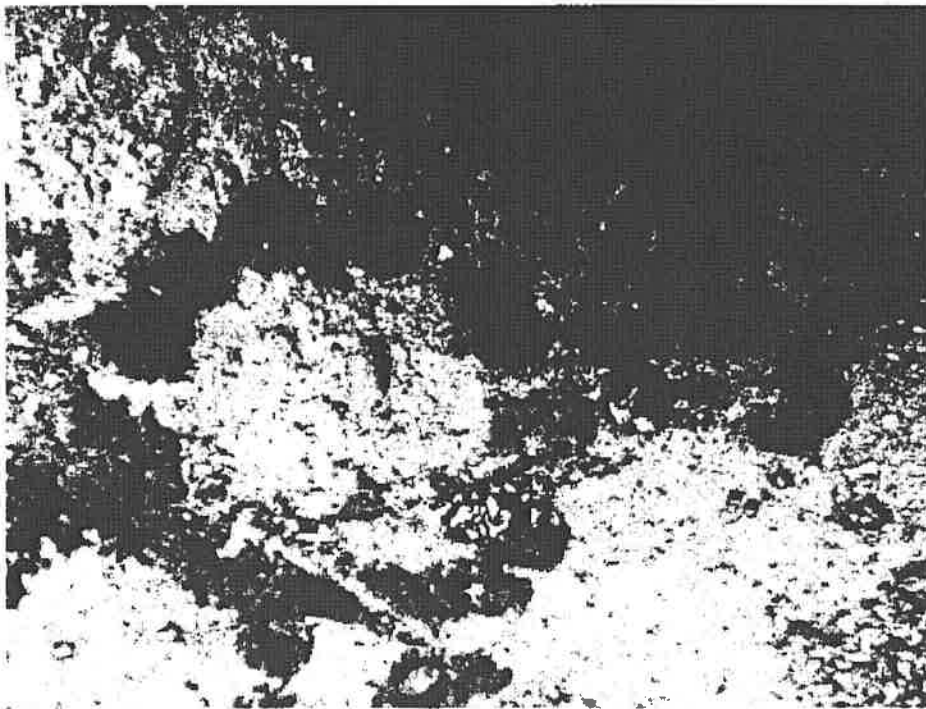
6 – Sample #1 – 2nd Simulation – 1.5”

Appendix C – Roof Samples



18.6 KE

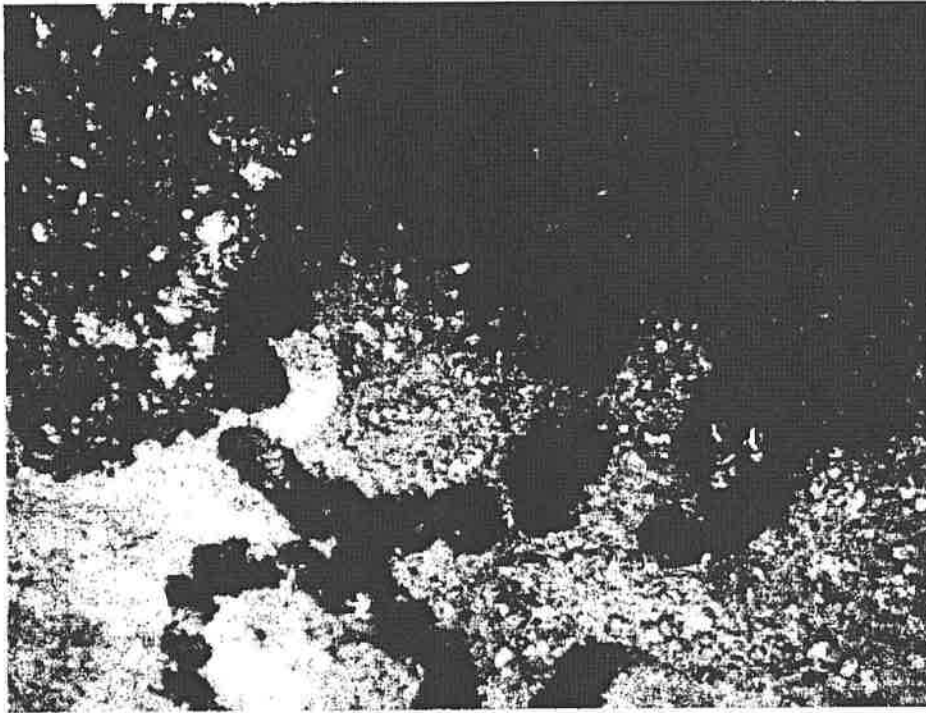
7 – Sample #1- 3rd Simulation – 1.5”



7.2 KE

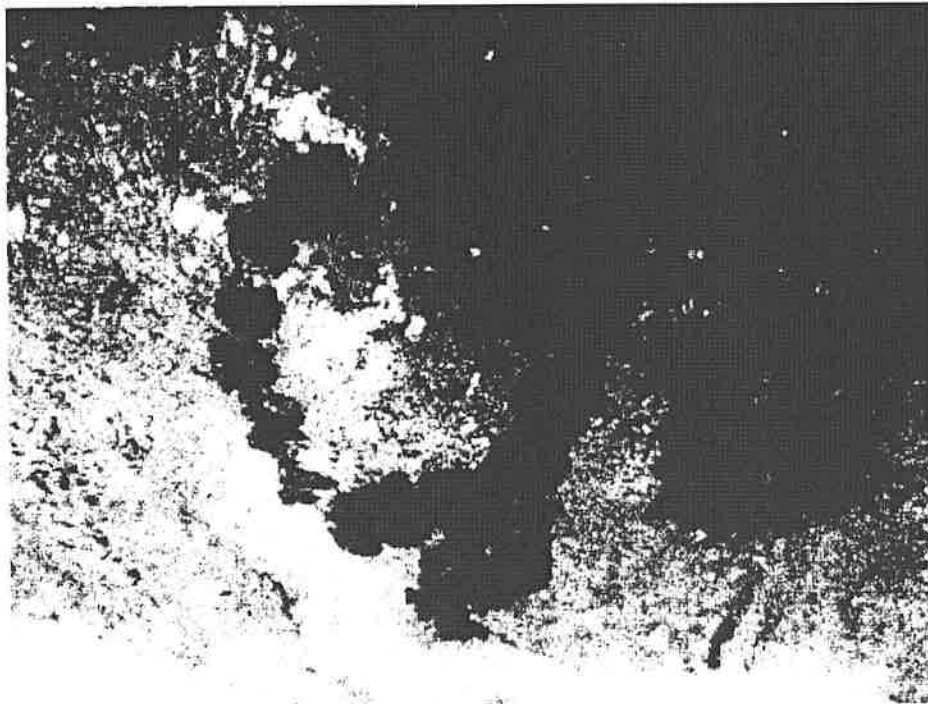
8 - Sample #1 – 4th Simulation – 1”

Appendix C – Roof Samples



1.3 KE

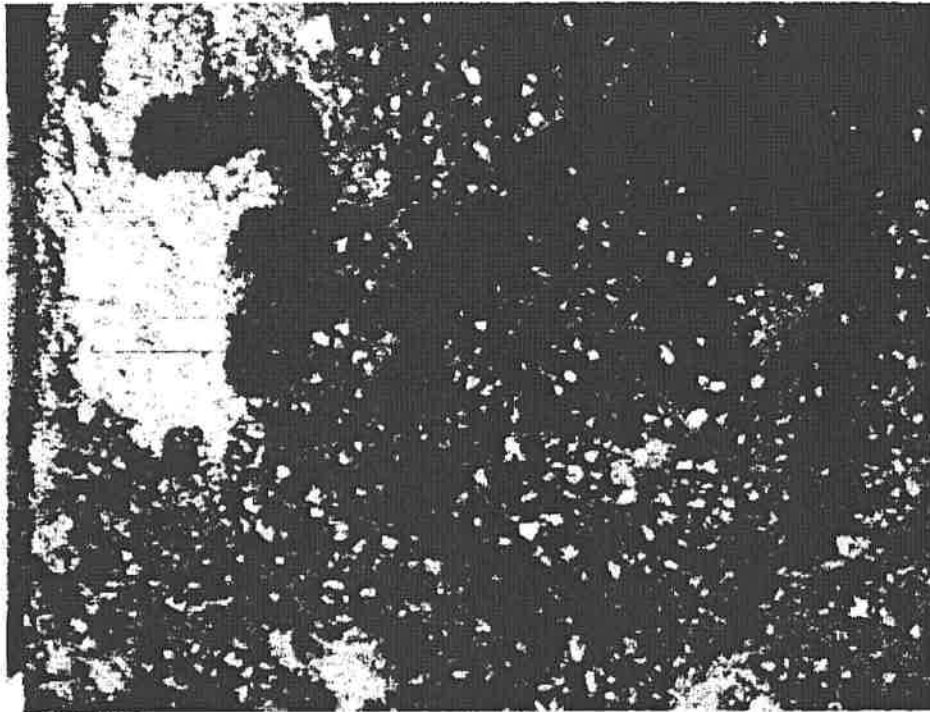
9 – Sample #1 – 5th Simulation – 1”



1.9 KE

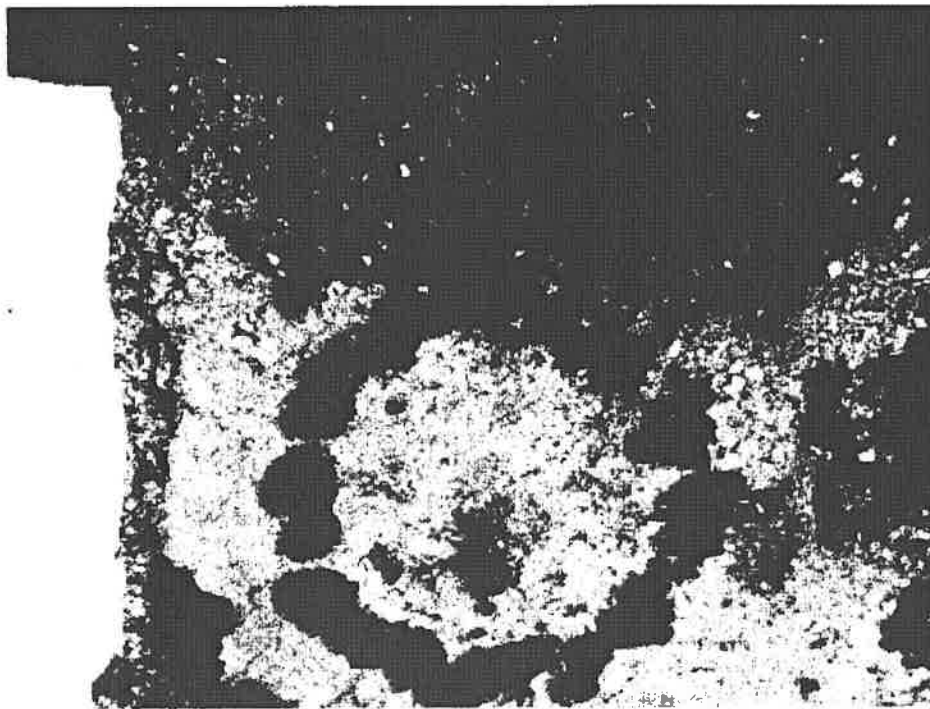
10 - Sample #1 – 6th Simulation – 1”

Appendix C – Roof Samples



12.4 KE

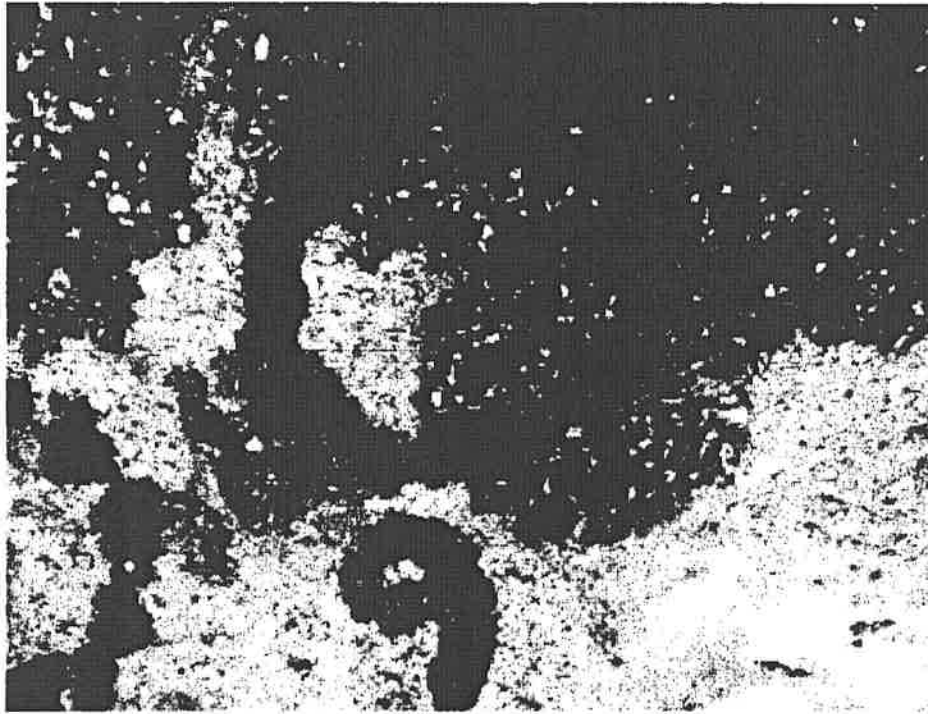
11 - Sample #1 – 7th Simulation – 2”



9.7 KE

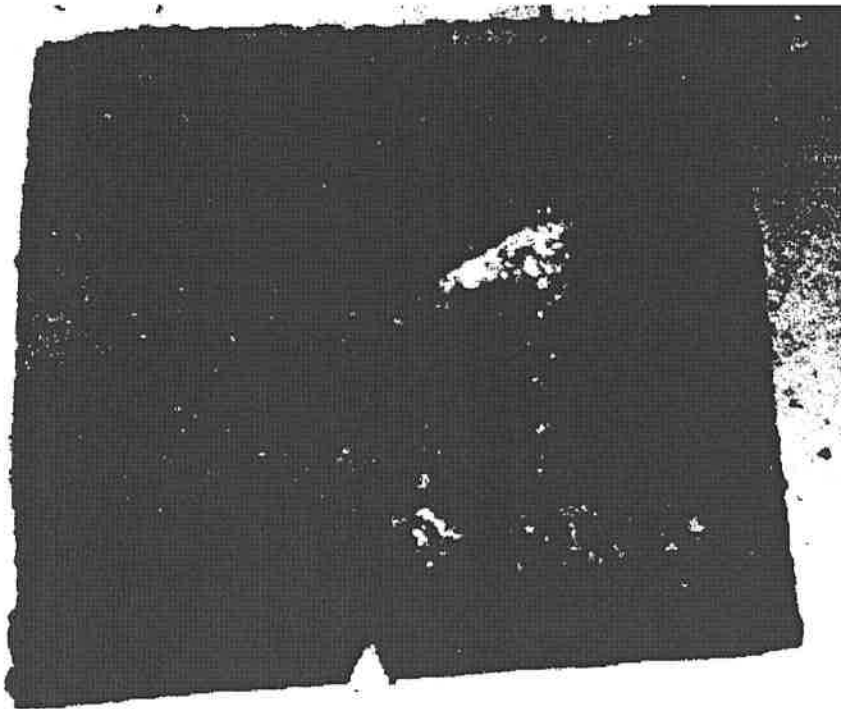
12 - Sample #1 - 8th Simulation – 2”

Appendix C – Roof Samples



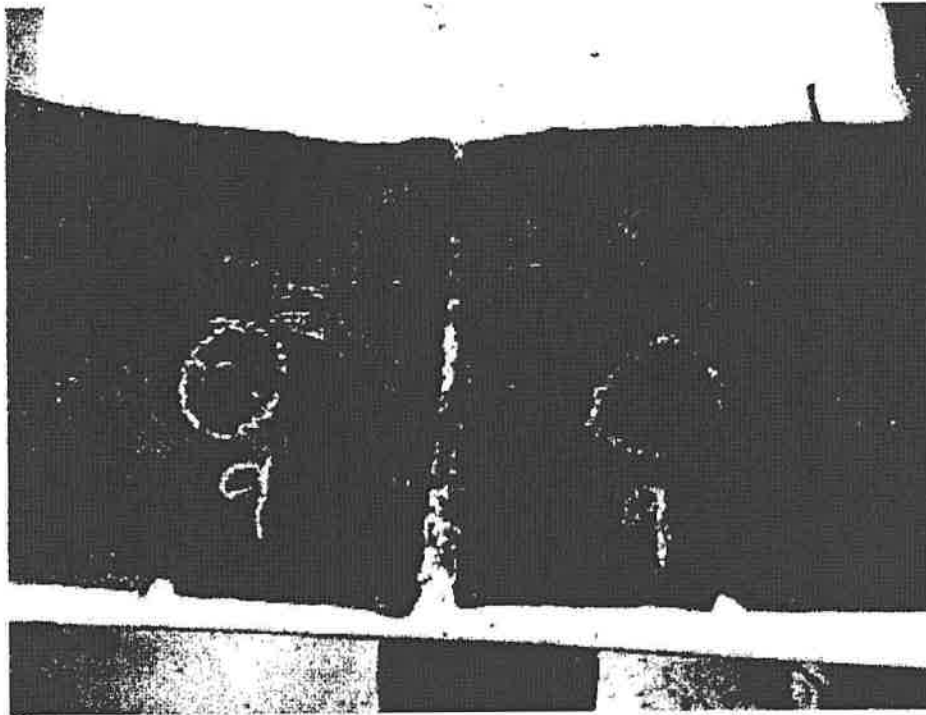
24.4 KE

13 - Sample #1 – After Desaturation – 2”



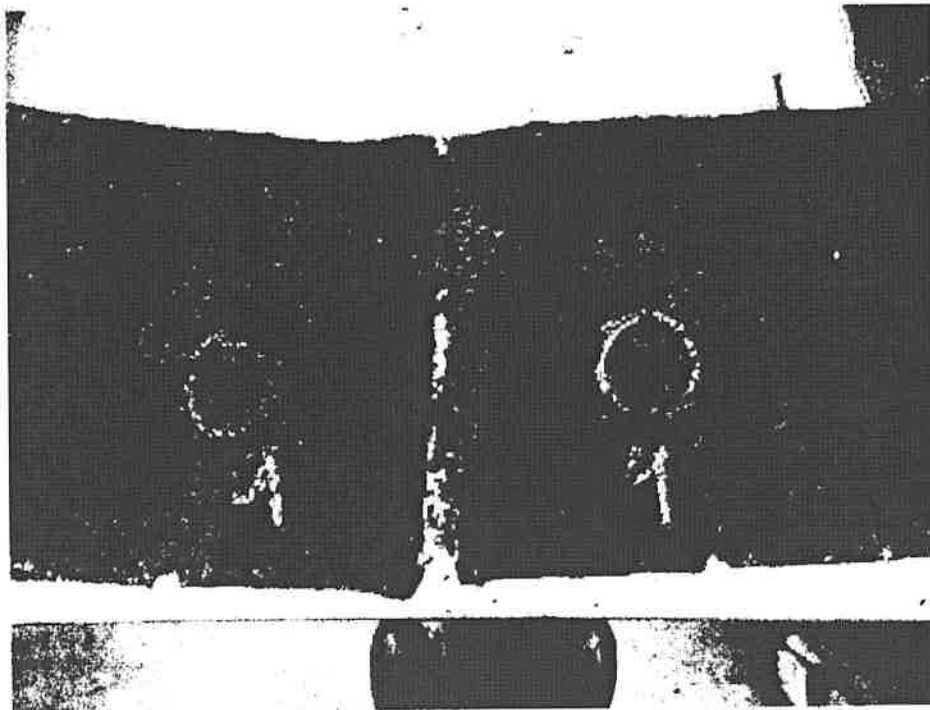
14 - Sample #1 – After Impact Simulations

Appendix C – Roof Samples



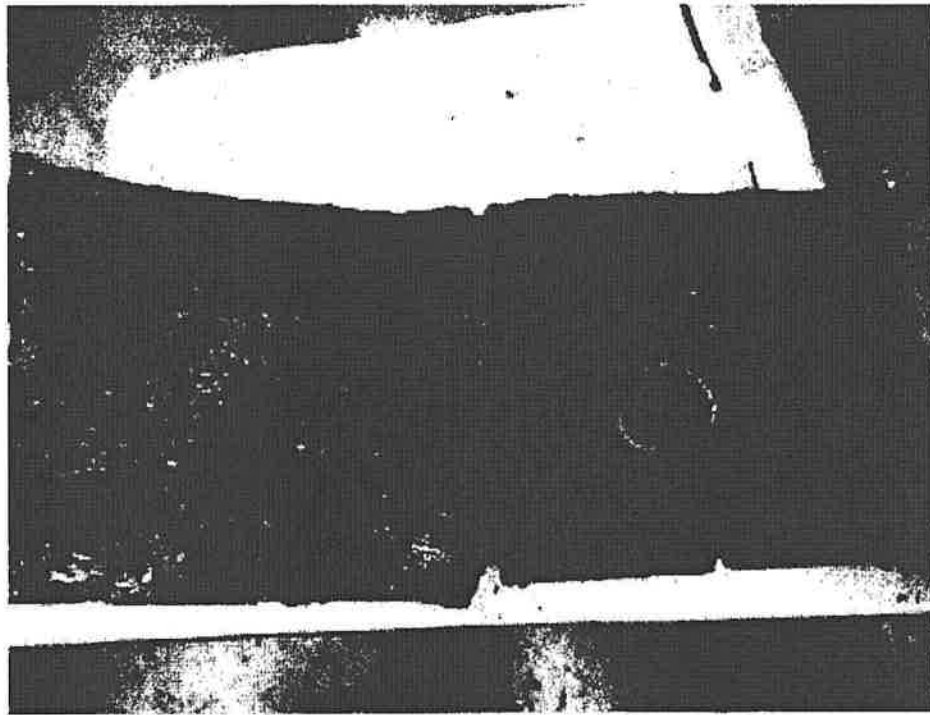
24.4 KE

15 - Sample #1 – Cold Separated Plies

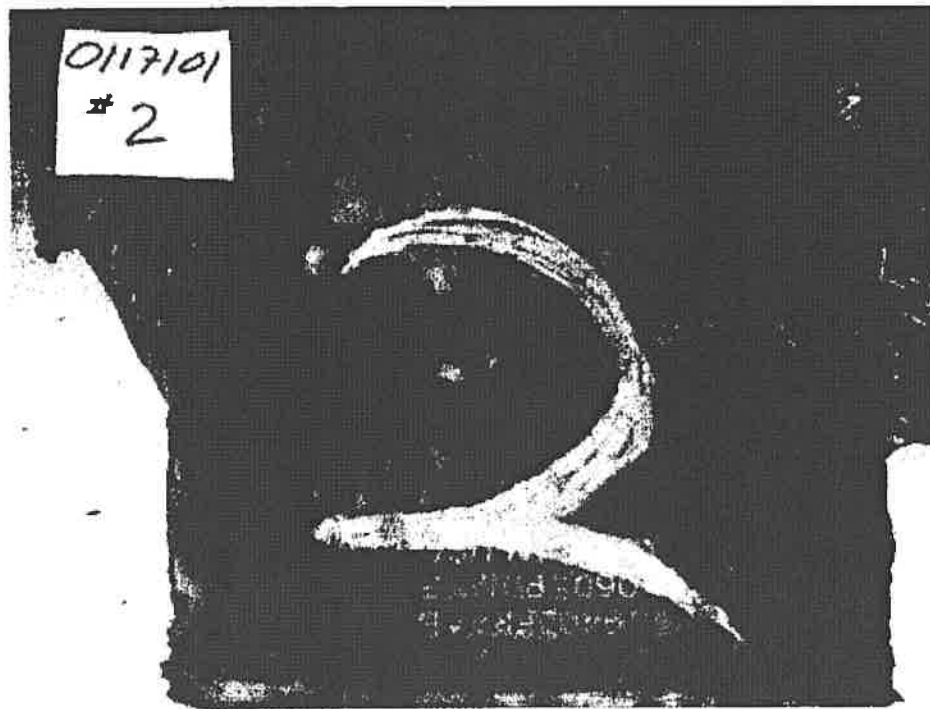


16 - Sample #1 – Cold Separated Membrane

Appendix C – Roof Samples



17 – Sample #1 – Cold Separated Membrane



18 – Sample #2

Appendix C – Roof Samples

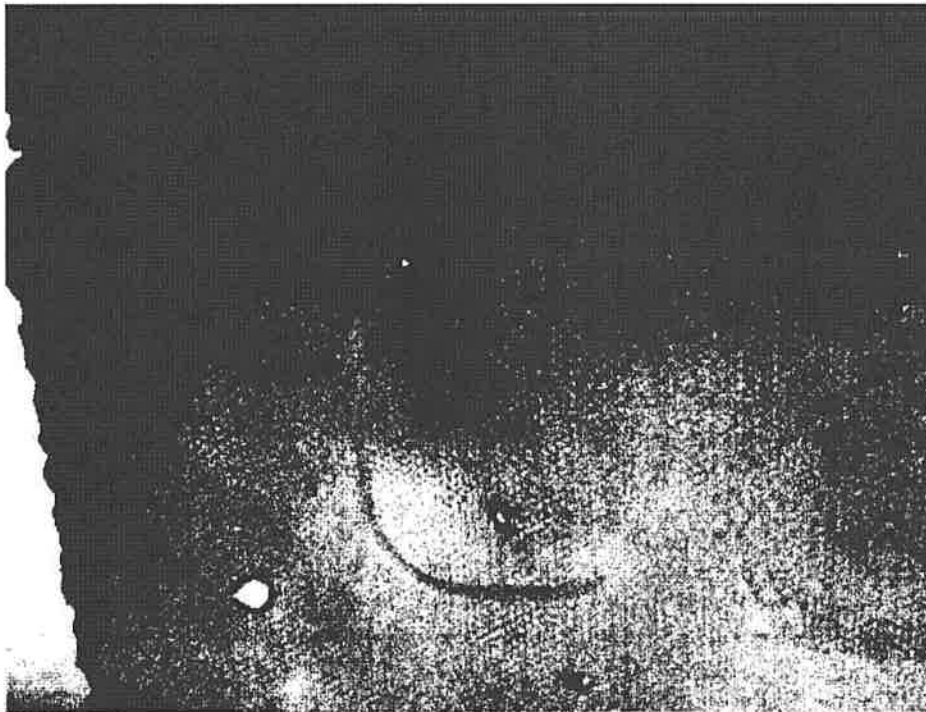


19 – Sample #2 - Back



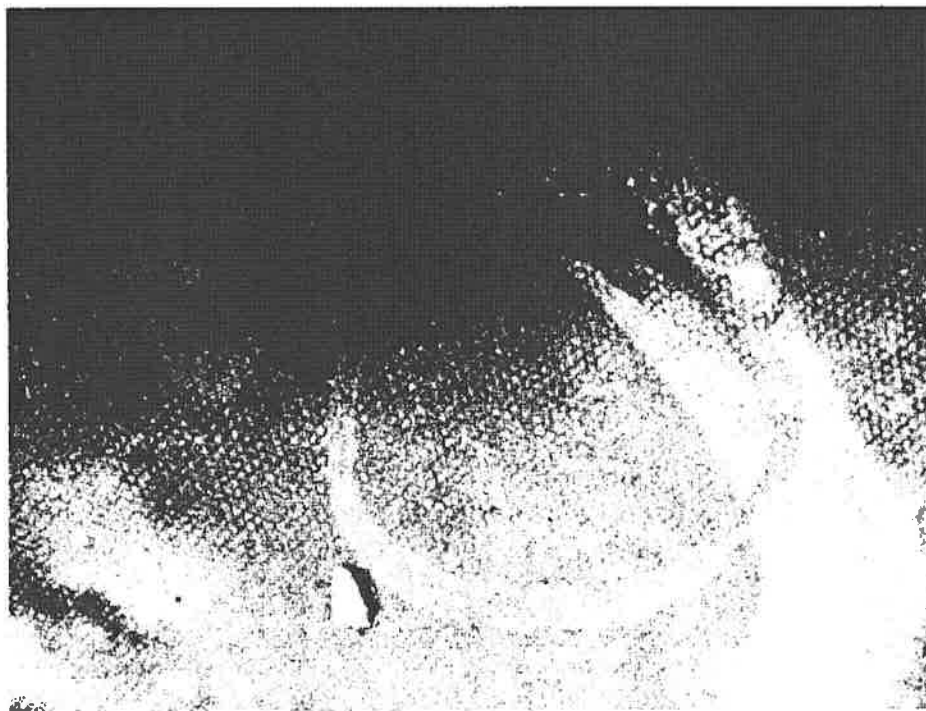
20 – Sample #2 – After Impact Simulations

Appendix C – Roof Samples



.04 KE

21 – Sample #2 – 1st Simulation – 1”



1.4 KE

22 – Sample #2 – 2nd Simulation – 1”

Appendix C – Roof Samples



1.5 KE

23 – Sample #2 – 3rd Simulation – 1”



5.9 KE

24 – Sample #2 – 4th Simulation – 1.5”

Appendix C – Roof Samples



10.5 KE

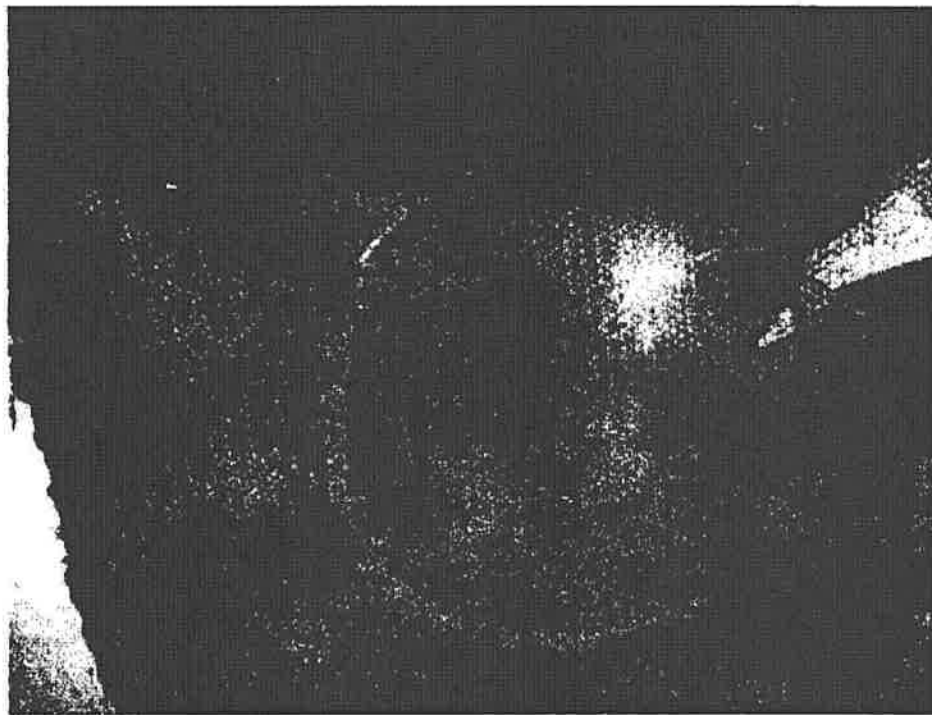
25 – Sample #2 – 5th Simulation – 1.5”



14.8 KE

26 – Sample #2 – 6th Simulation - 1.5”

Appendix C – Roof Samples



14.1 KE

27 – Sample #2 – 7th Simulation – 2''



18.1 KE

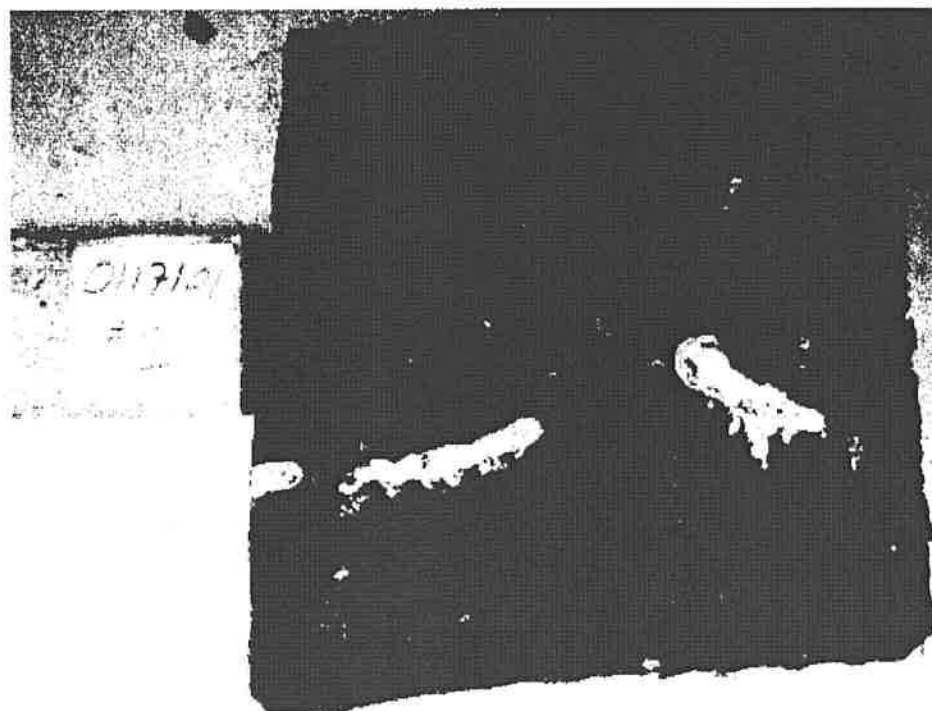
28 – Sample #2 – 8th Simulation – 2''

Appendix C – Roof Samples



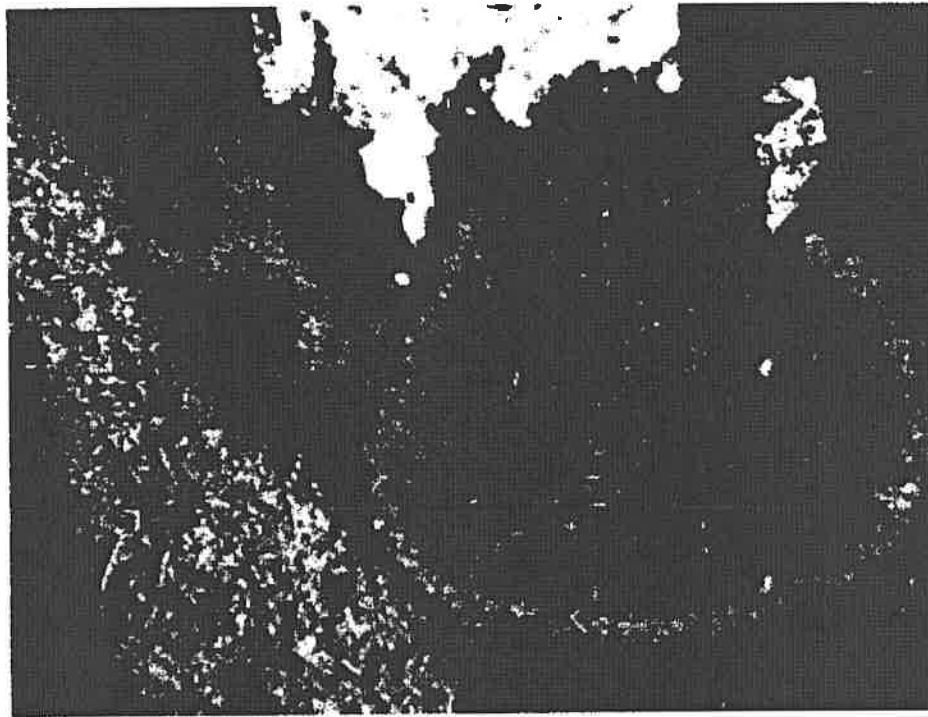
30.2 KE

29 – Sample #2 – 9th Simulation – 2”



30 – Sample #2 - Back

Appendix C – Roof Samples



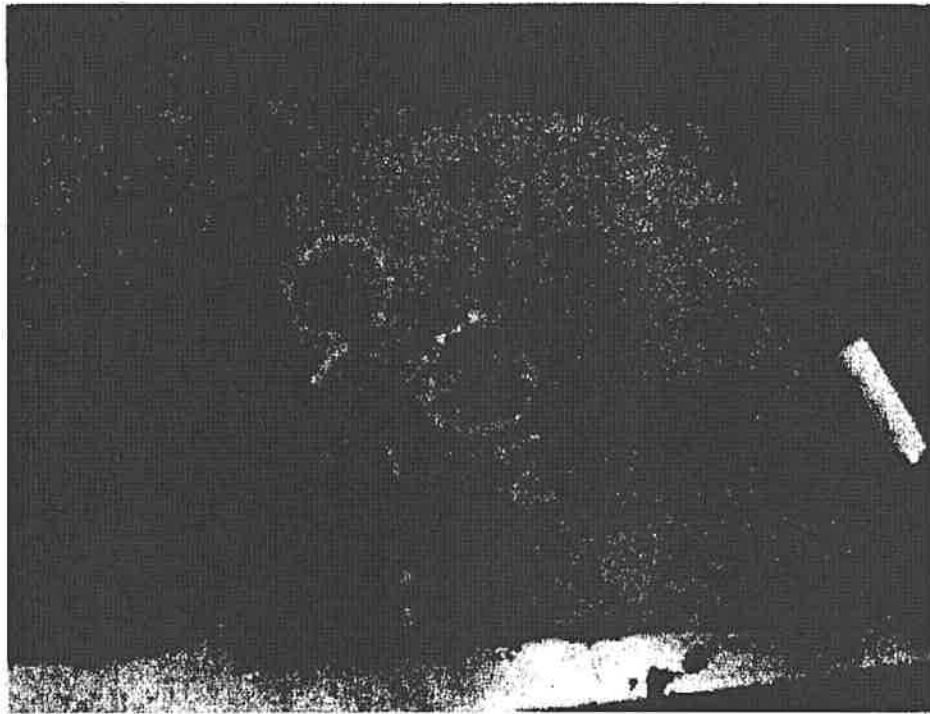
30.2 KE

31 – Sample #2 – 9th Simulation on Back

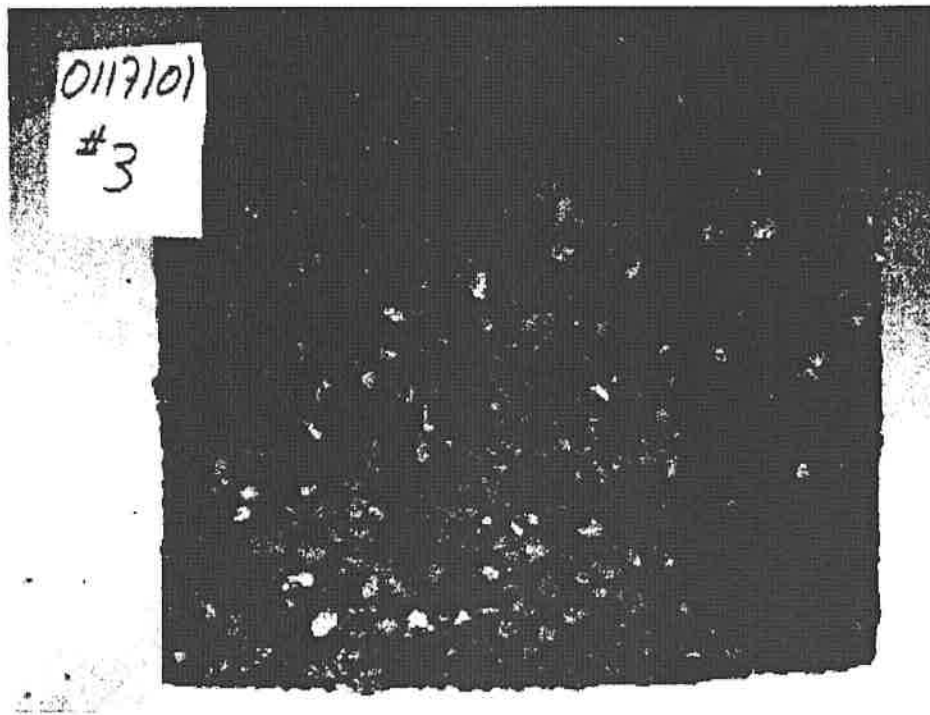


32 – Sample #2 – After Impact Simulations

Appendix C – Roof Samples

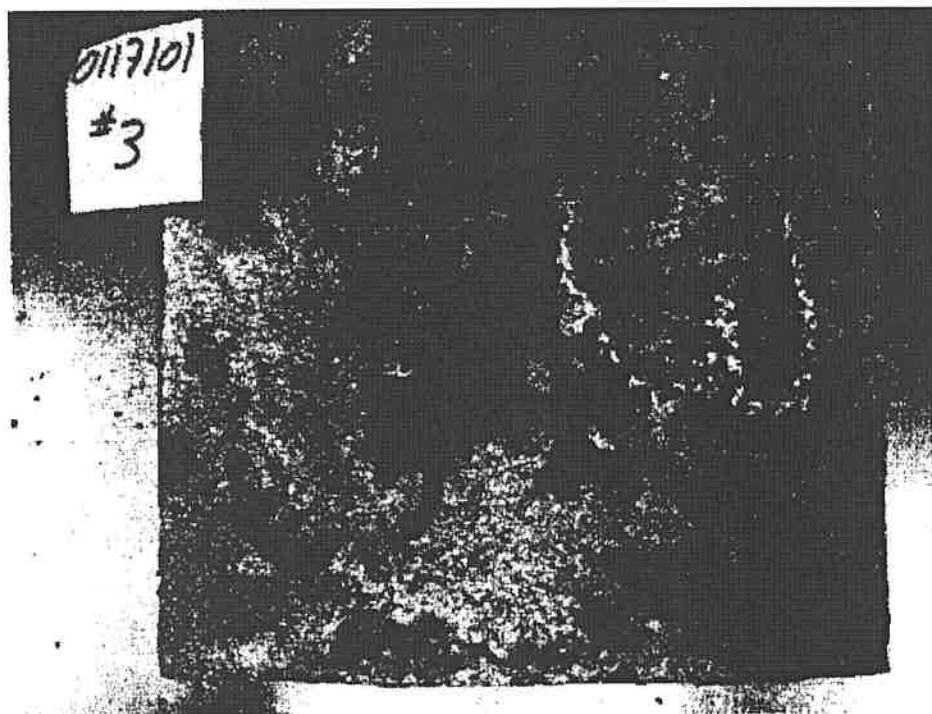


33 – Sample #2 – Substrate After Impact Simulations

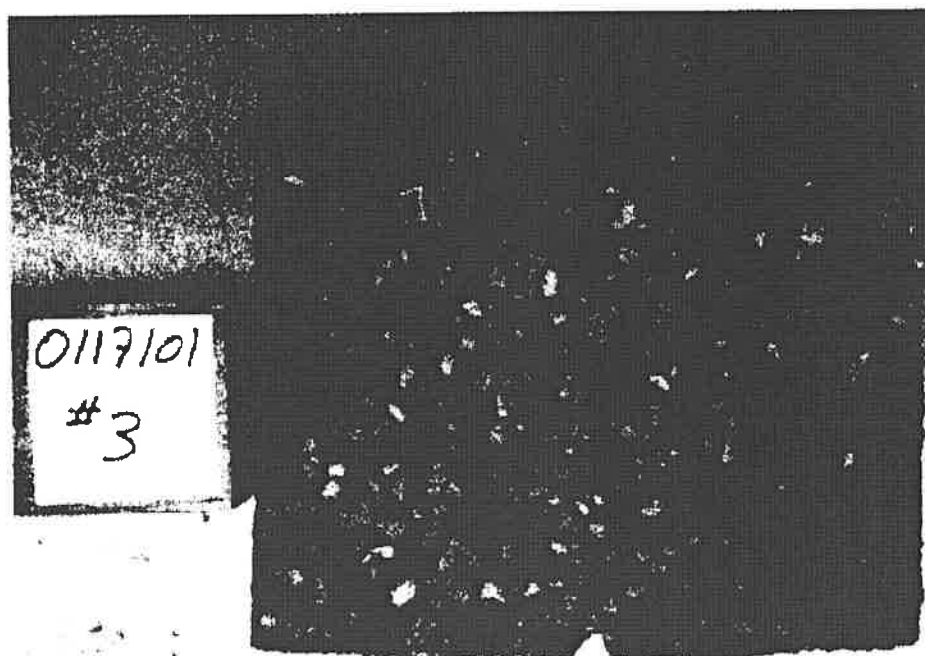


34 – Sample #3 – Before Impact Simulation

Appendix C – Roof Samples



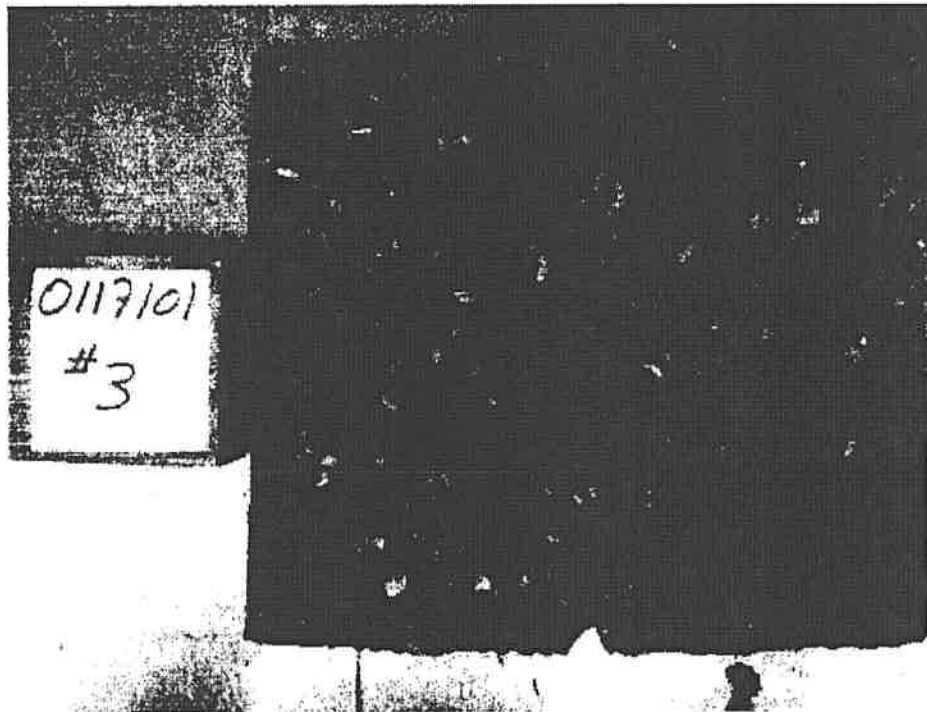
35 – Sample #3 Back – Before Simulations



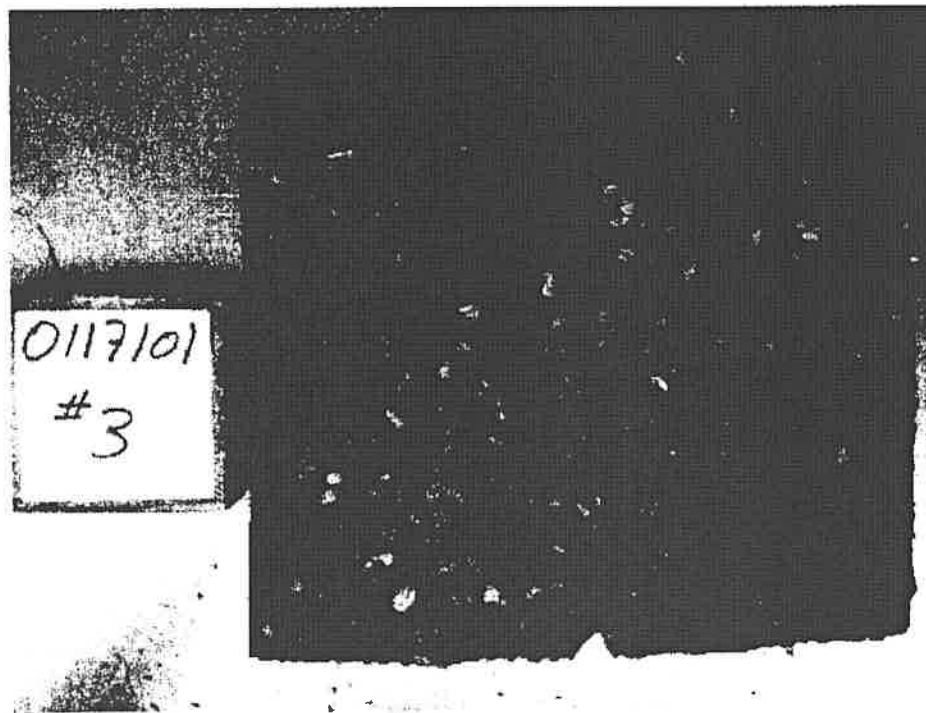
.9 KE

36 – Sample #2 – 1st Simulation – 1”

Appendix C – Roof Samples

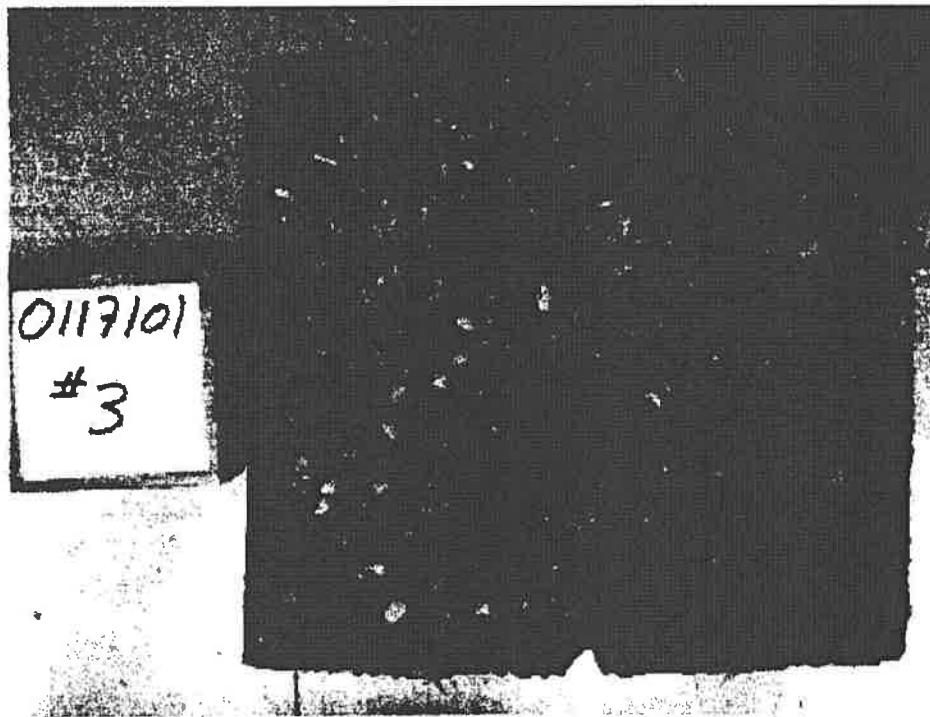


37 – Sample #3 – 2nd Simulation – 1”



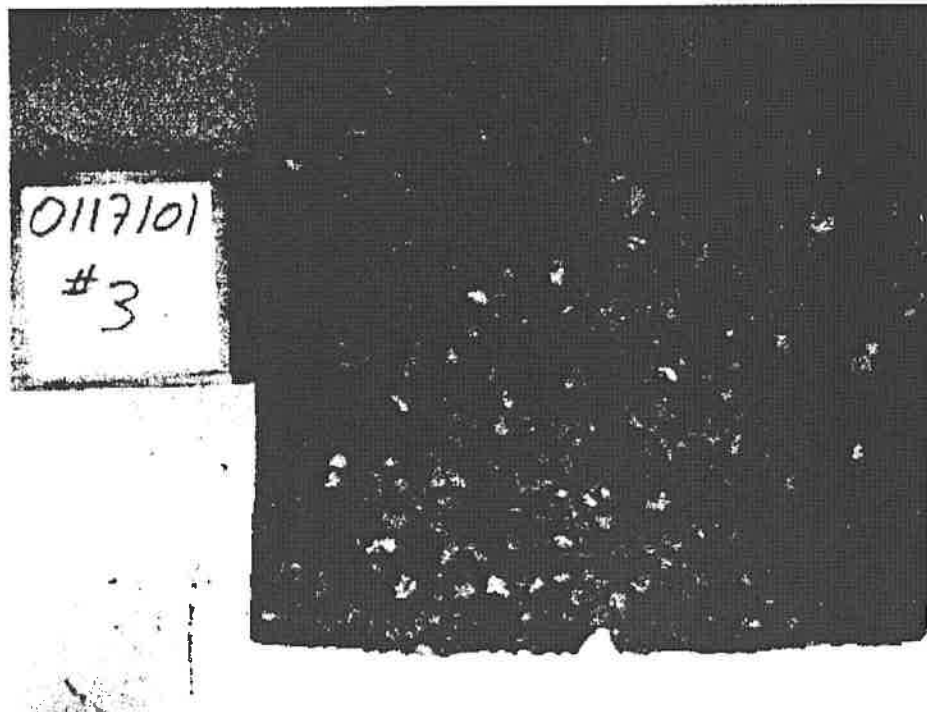
38 – Sample #3 – 3rd Simulation – 1”

Appendix C – Roof Samples



3.2 KE

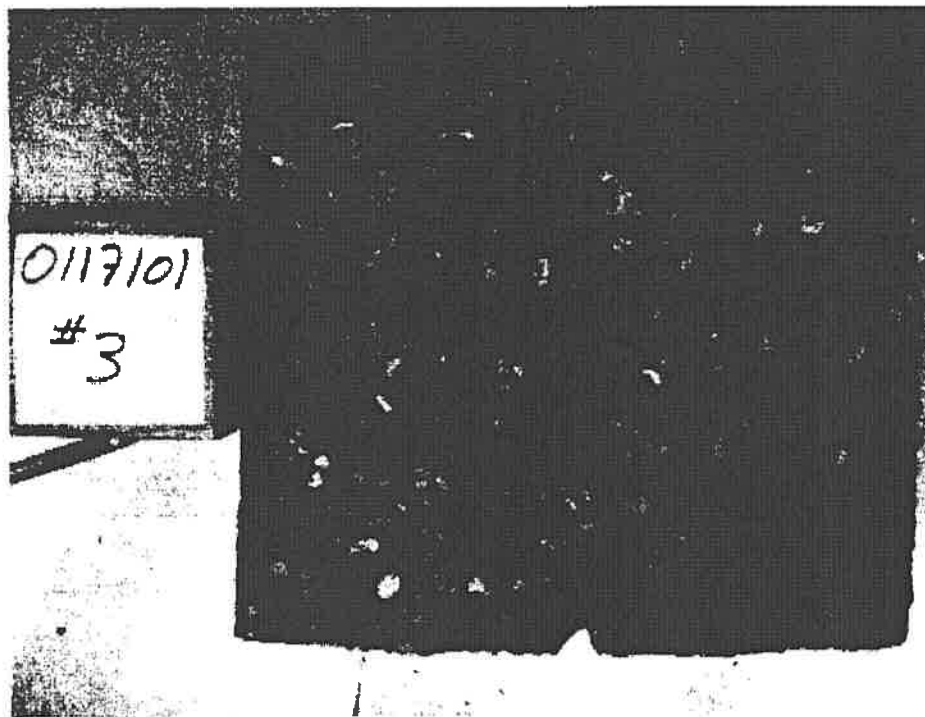
39 – Sample #3 – 4th Simulation – 1.5”



9.9 KE

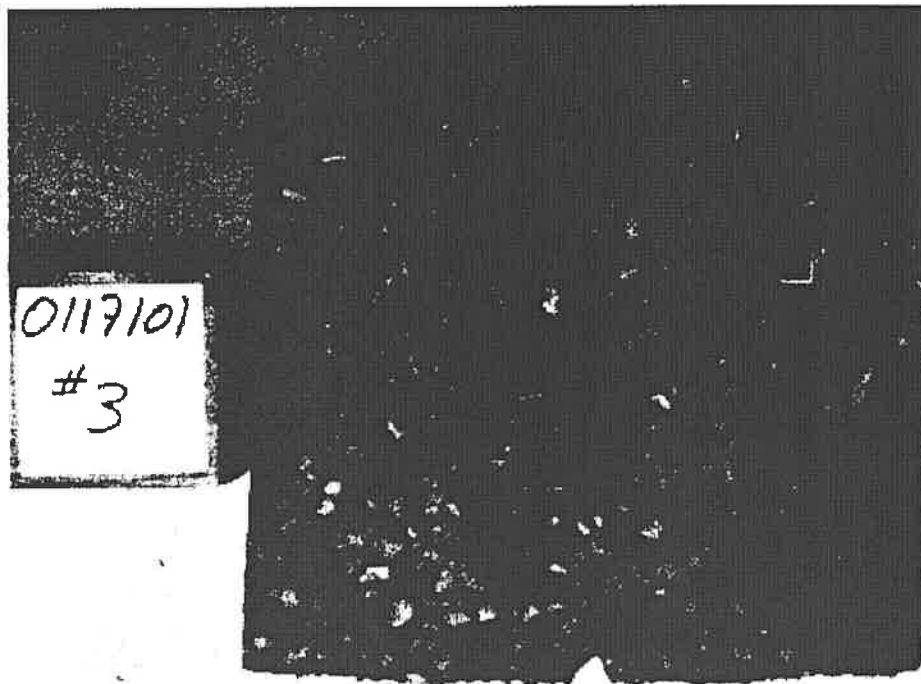
40 – Sample #3 – 5th Simulation – 1.5”

Appendix C – Roof Samples



10.2 KE

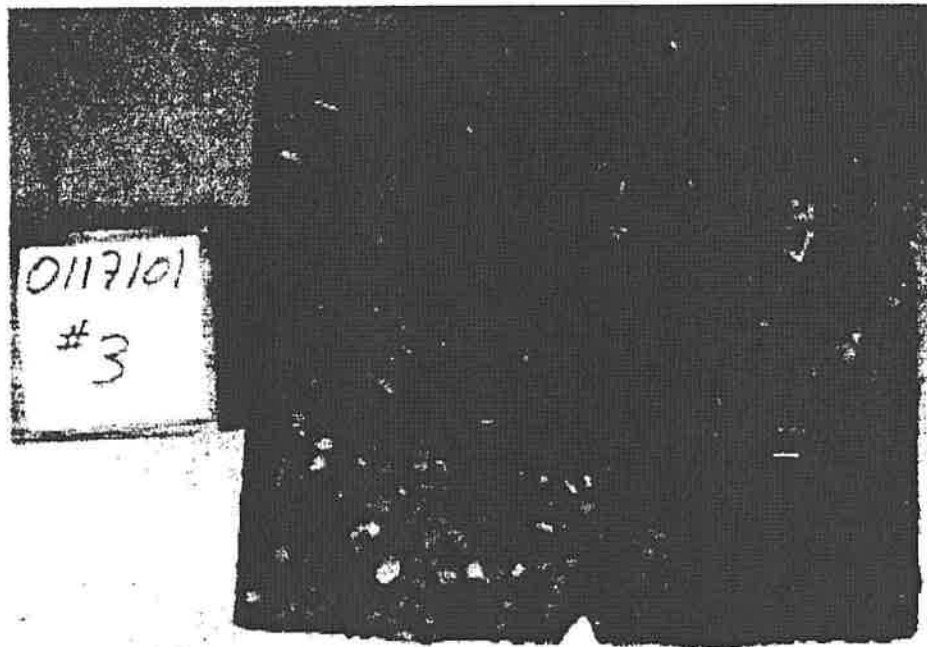
41 – Sample #3 – 6th Simulation – 1.5”



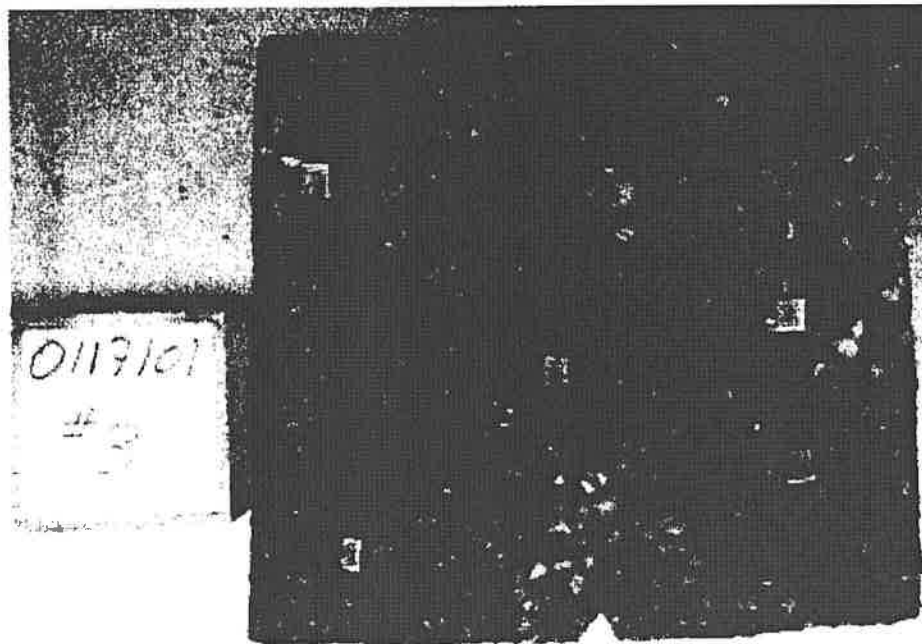
7.4 KE

42 – Sample #3 – 7th Simulation – 2”

Appendix C – Roof Samples

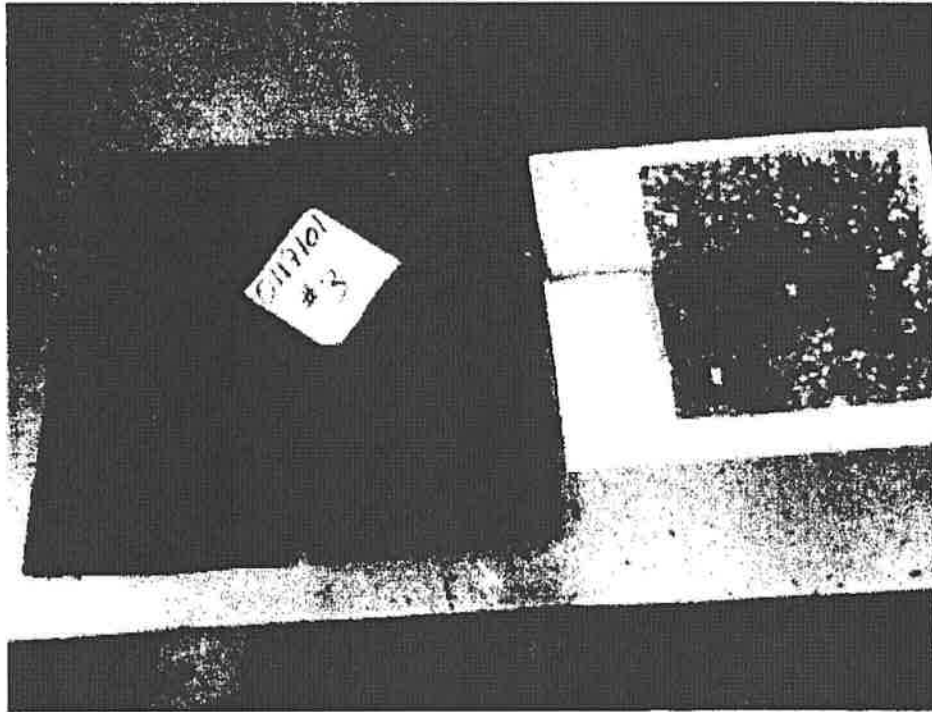


43 – Sample #3 – 8th Simulation – 2”

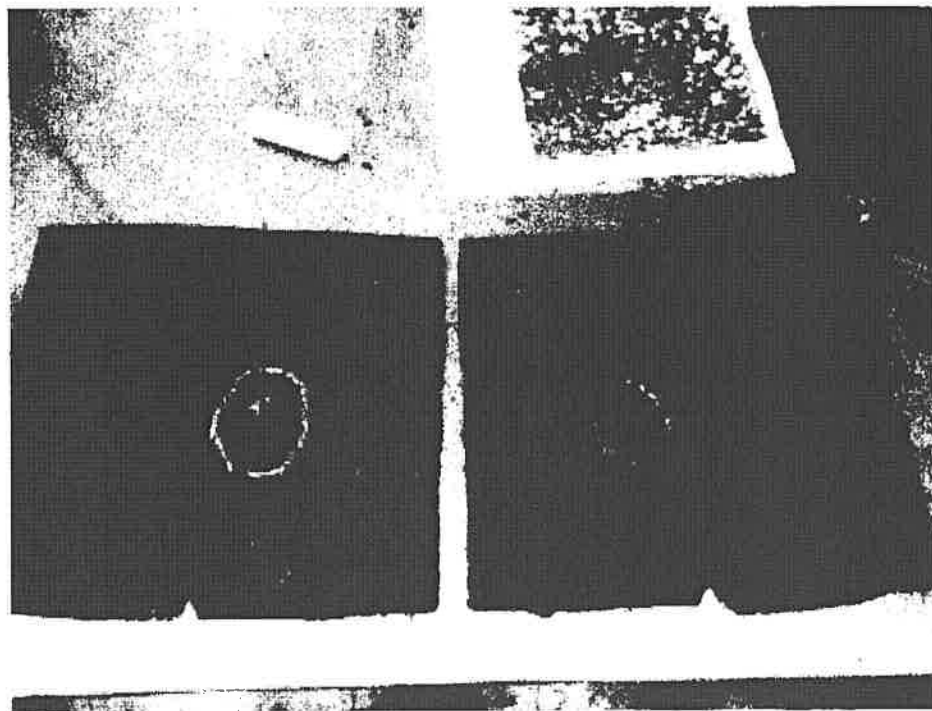


44 – Sample 33 – 9th Simulation – 2”

Appendix C – Roof Samples



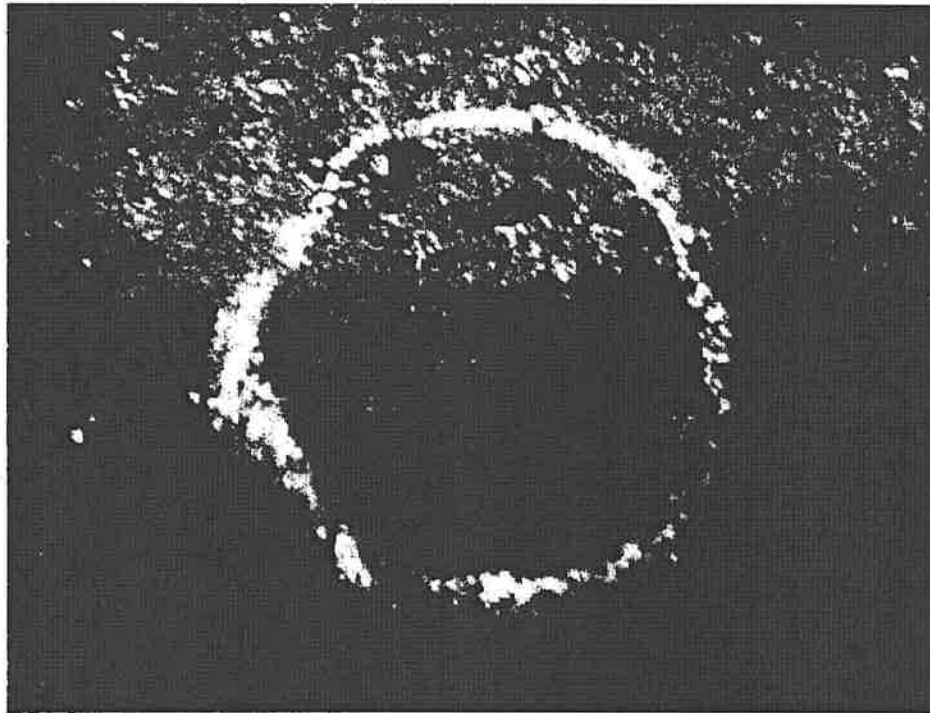
45 – Sample #3 – Prepared for Cold Separation



6th
10.2 KE

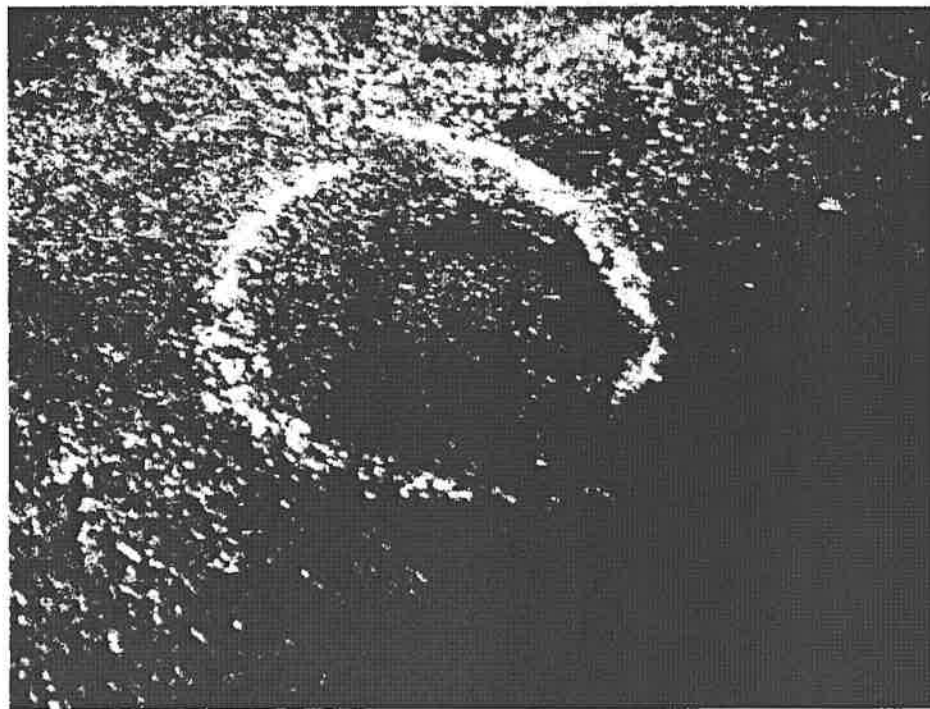
46 – Sample #3 – Cold Separated

Appendix C – Roof Samples



10.2 KE

47 – Sample #3 – 6th Simulation – 1.5”



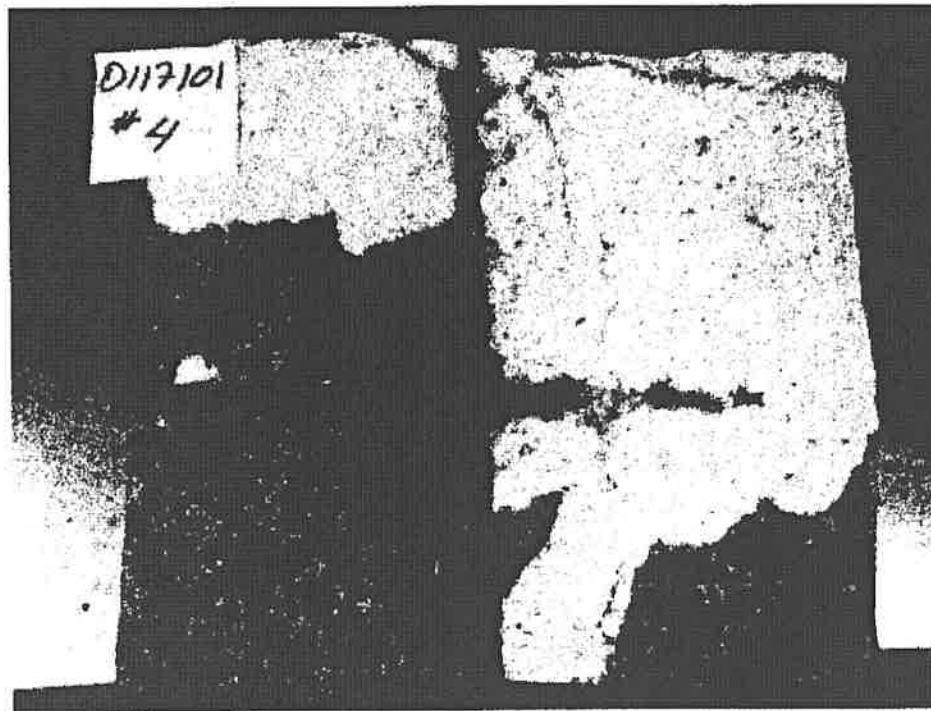
10.2 KE

48 – Sample #3 – 6th Simulation – 1.5”

Appendix C – Roof Samples

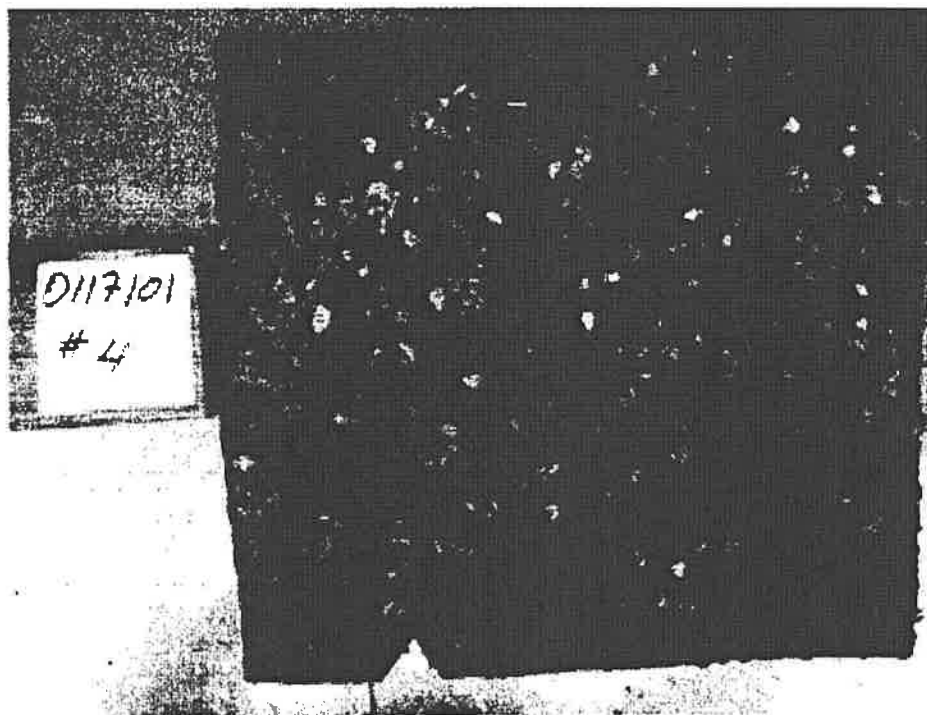


49 – Sample #4 – Before Impact Simulations



50 – Sample #4 – Back – Before Simulations

Appendix C – Roof Samples



1.1 KE

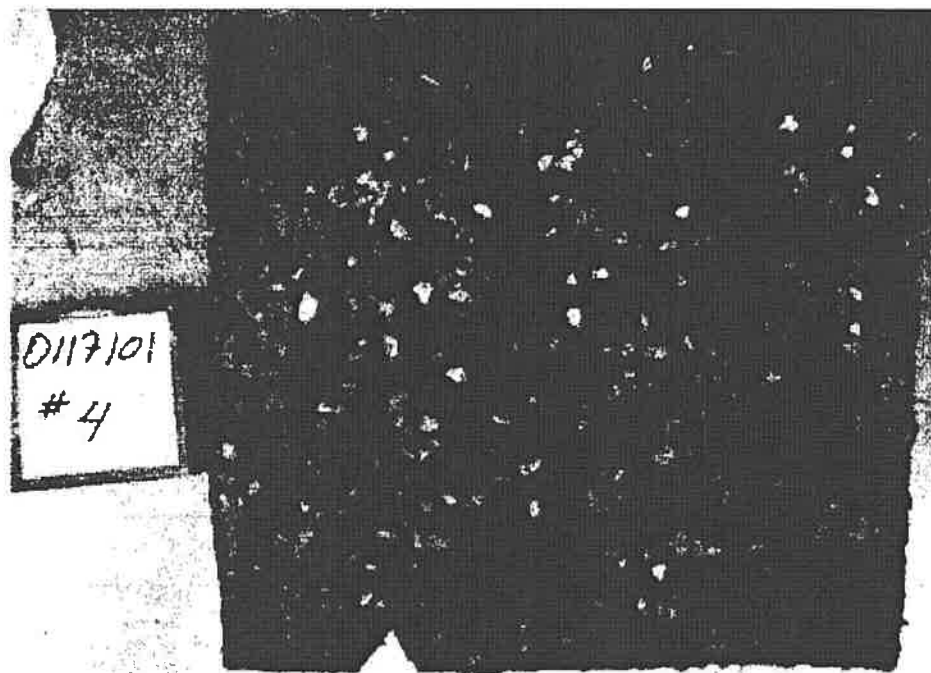
51 – Sample #4 – 1st Simulation – 1”



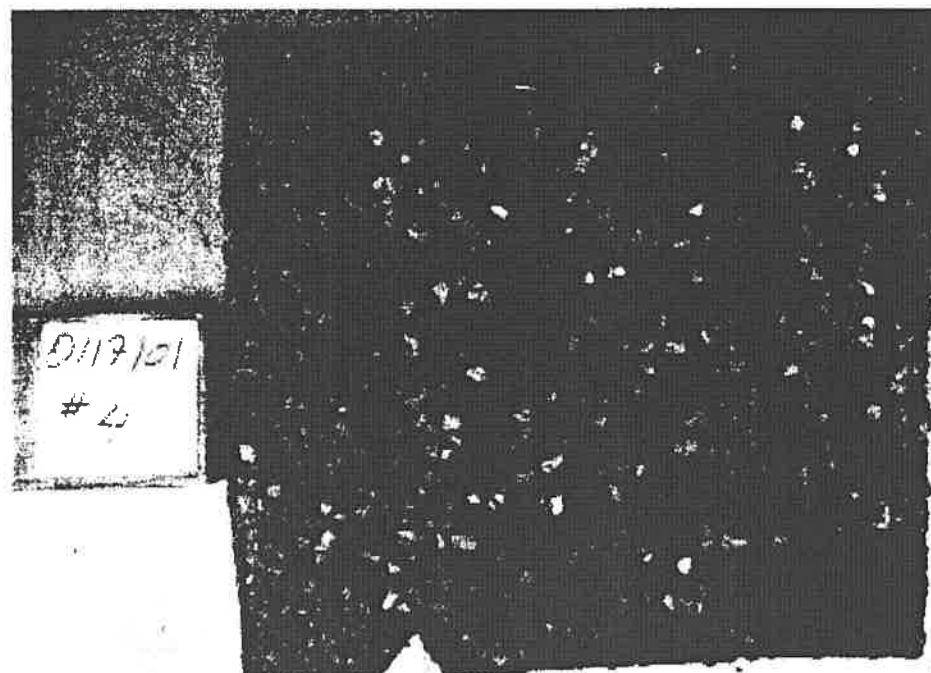
.6 KE

52 – Sample #4 – 2nd Simulation – 1”

Appendix C – Roof Samples



53 – Sample #4 – 3rd Simulation – 1”



54 – Sample #4 – 4th Simulation – 1.5”

Appendix C – Roof Samples



14.9 KE

55 – Sample #4 – 5th Simulation – 1.5”



17.8 KE

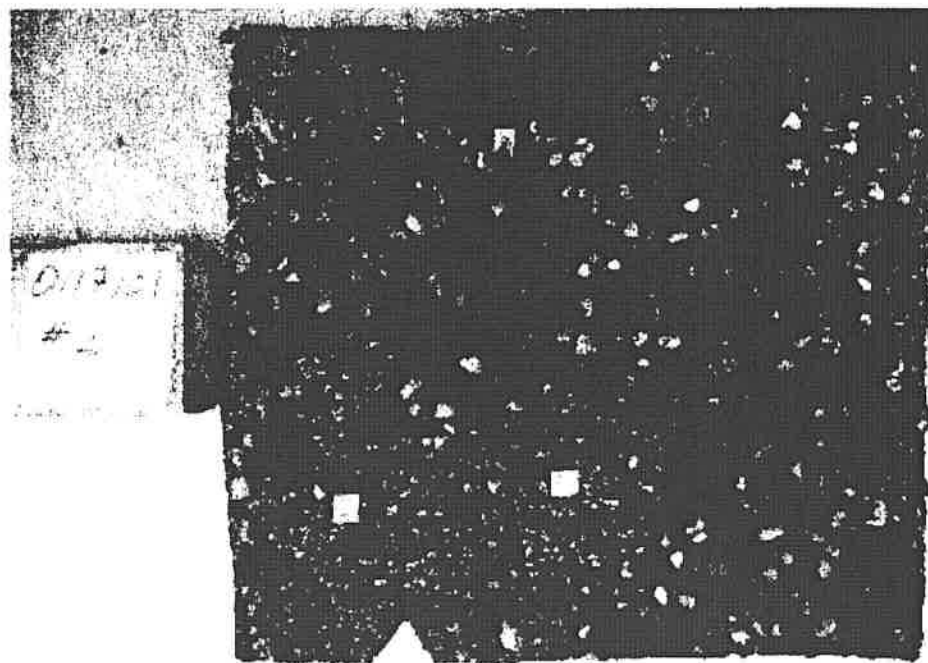
56 – Sample #4 – 6th Simulation – 1.5”

Appendix C – Roof Samples



19.8 KE

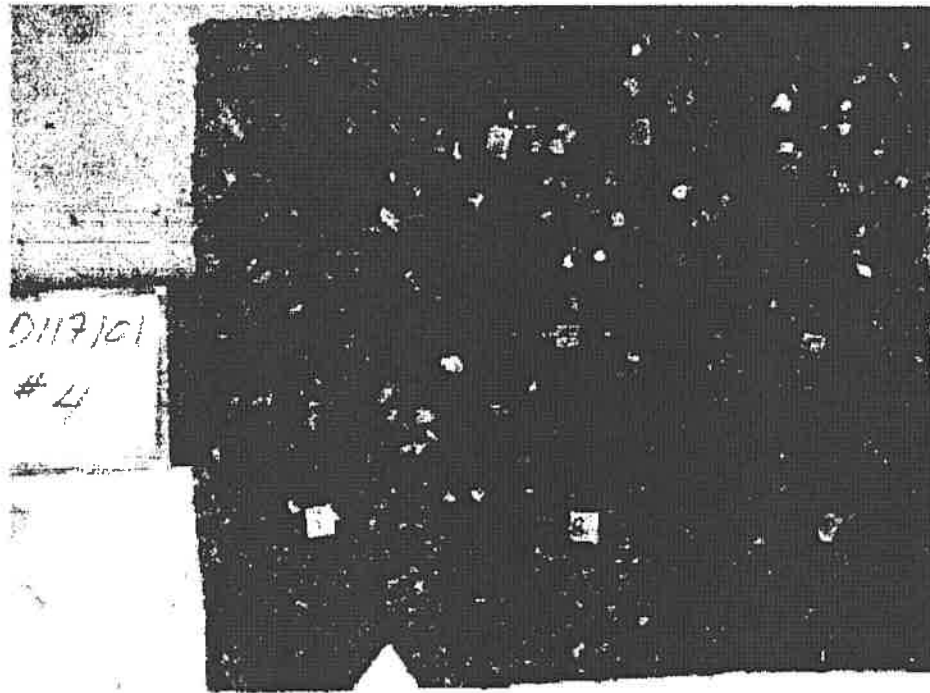
57 – Sample #4 – 7th Simulation – 2”



17.9 KE

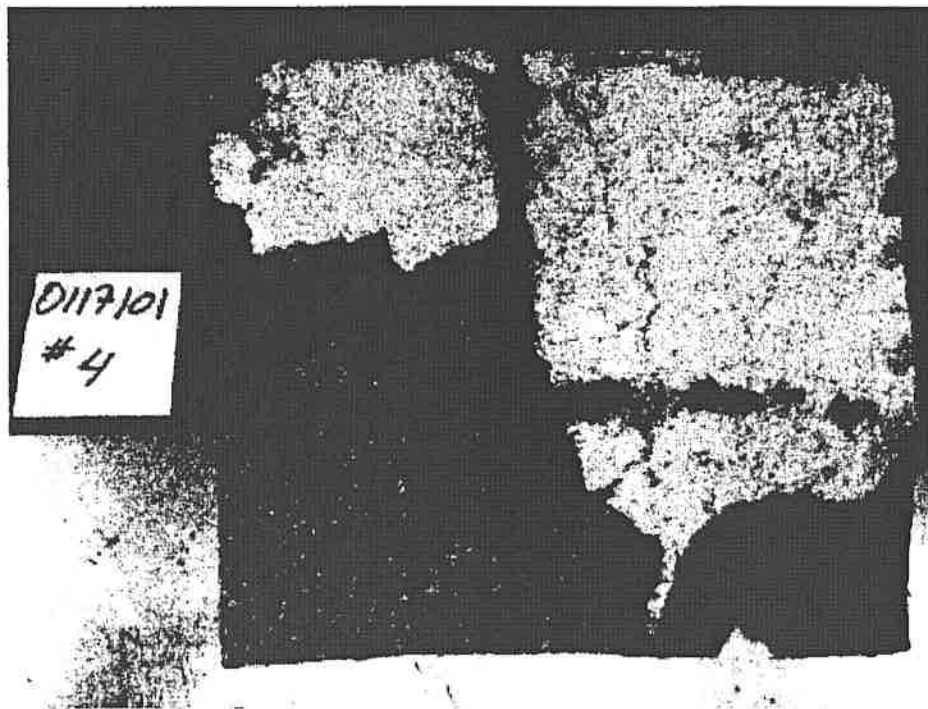
58 – Sample #4 – 8th Simulation – 2”

Appendix C – Roof Samples



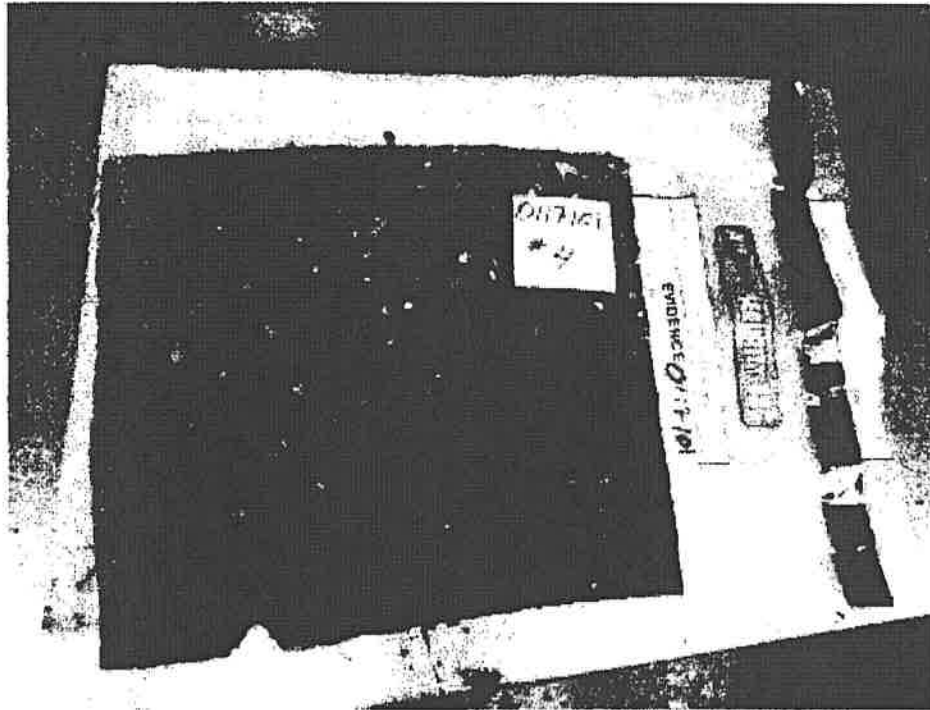
39.0 KE

59 – Sample #4 – 9th Simulation – 2”

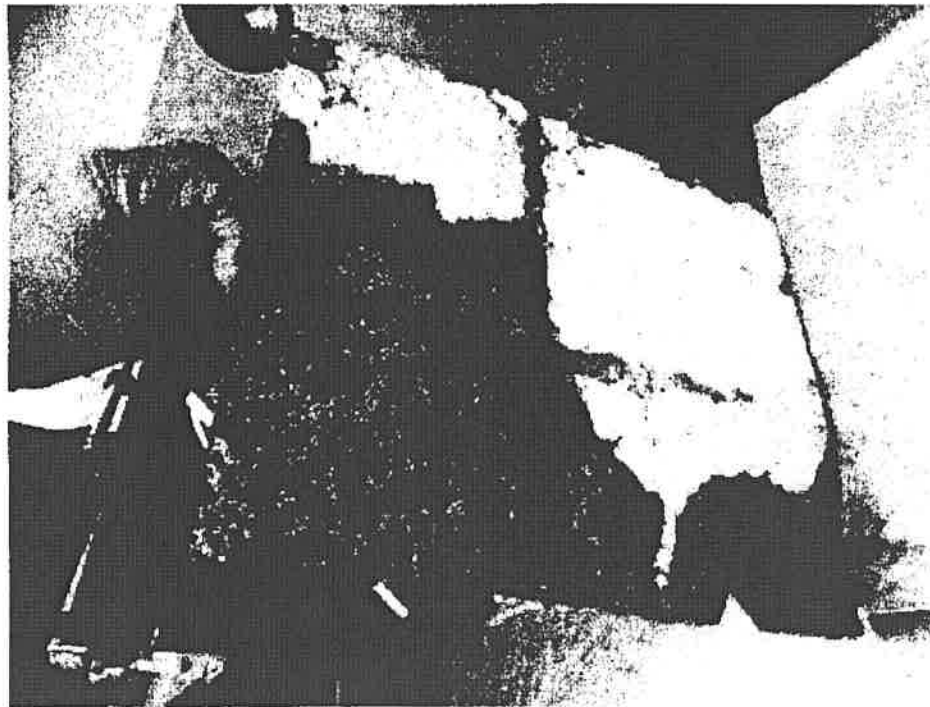


60 – Sample #4 - Back

Appendix C – Roof Samples

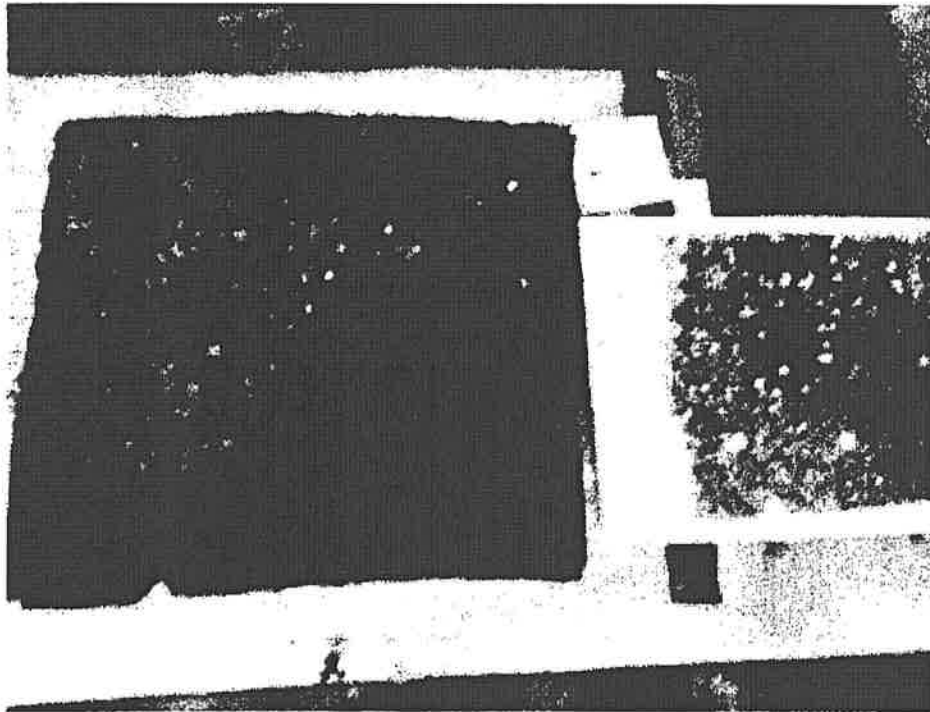


61 – Sample #4 – Prepared for Cold Separation

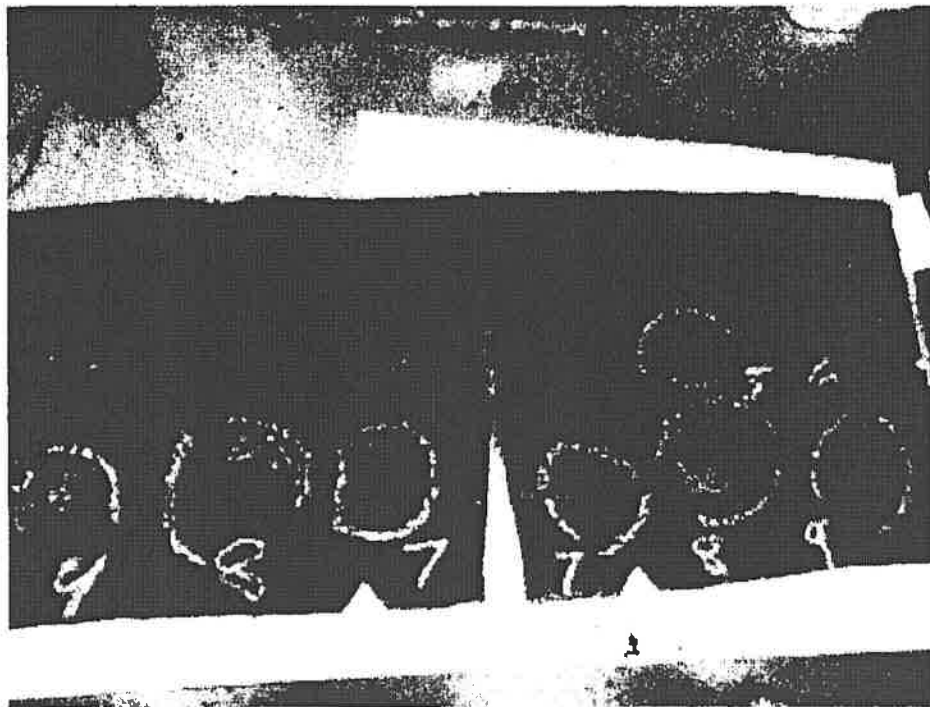


62 – Sample #4

Appendix C – Roof Samples



63 – Sample #4 – Cold Separated



64 – Sample #4 – Cold Separated

Appendix C – Roof Samples



65 – Sample #4 – Cold Separated